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One Neglected Aspect of the Southeast Asia Crisis: The Problem of Chinese Minorities

By Prof. C. D. Chang

One important result of the recent meeting of the Foreign Ministers of Great Britain, France and the United States in London was the decision to give aid to the undeveloped countries in South East Asia and the pledge to encourage and support the new independent governments now threatened by the menace of Communism. The communique issued at the close of the meeting was rather vague in terms and it did not seem that a single, unified plan of action has been agreed upon. There was, however, a substantial area of agreement which, though perhaps not in itself a sufficient basis for a vigorous policy of containment of aggressive Communism, does in fact represent a major step forward in dealing with the problems now confronting millions of people in that critical region.

South East Asia is the richest reservoir of untapped wealth and one of the most important strategic areas of the world. Unfortunately in the majority of countries basic elements of stability are absent. The new governments are for the most part weak and wobbly and without the benefit of popular support. The worst example of this is probably Indo-China. The French have ruled this country for more than eighty years and they have never been able to win the support of the people. Now Ho Chi Minh, the rebel Communist leader, controls three-quarters of the country. The French army compounded of 150,000 Frenchmen, African colonials and a motley assortment of Germans, Rumanians, Hungarians, Poles and other DP's have suffered colossal losses at the hands of the Viet Minh guerrillas. The Bao Dai regime, set up by the French as a concession to Indo-Chinese nationalist sentiment, does not seem to be able to arouse much enthusiasm. Burma is another example of internal instability. Its government controls no more than 50 per cent of the area and 25 per cent of the population of the country. Its armed forces consist of a dozen or so half-trained battalions of 800 men apiece. It is hard to see how the Burmese government can possibly protect its thousand-mile Chinese border against a determined onslaught. Thailand (Siam) seems to be relatively stable on the surface. As long as Indo-China and Burma are safe, Thailand will be inclined to side with the United States and Britain. There is a great deal of good will for the West

there. But Thailand cannot be expected to make much of a stand against Communism if her neighbors are gone. During the war Thailand struck a bargain with the invading Japanese. She will do the same thing with the Communists as soon as it becomes plain that her position is untenable. Malaya will find itself in an uncomfortable situation after Thailand is in Communist hands. Indonesia and the Philippines will be affected next. In the end the whole area will be threatened.

American dollars will of course help a lot in bolstering the morale of the people and in restoring the confidence of the governments. Economic misery has played a part in Asia's political unrest. Technical assistance, basic health measures and aid to agriculture, according to Mr. Paul Hoffman, chief of the ECA, will constitute the principal forms of American aid and will undoubtedly go long ways to improve the living standard of the people. The Sydney Conference of the British Commonwealth of Nations seemed to have tackled the problem of South East Asia in a realistic manner. Although there was a divergence of opinion between Britain and Australia regarding the relative effectiveness of alternative schemes of assistance, the aims of all were the same. Something concrete will probably emerge in the end. The core of the matter is how to create enough confidence to check the spread of Communism within the countries concerned.

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The most important question now haunting the peoples of the area is whether the Chinese Communist regulars appearing on the borders of Burma and Indo-China would go adventuring in South East Asia. Both Moscow and Peking recognized Ho Chi Minh's regime immediately following the French recognition of Bao Dai. This is a good gauge of Communist intentions. Certainly nothing will please the Chinese Communists better than to see themselves in the role of liberators of the oppressed colonial and semi-colonial peoples. They have openly promised their help. But it is still uncertain as to the methods of help. They may supply arms as well as men to the insurgents. They may go a step further and openly invade the countries. The latter course does not seem likely before the consolida-

tion of their position at home. Their long-range intentions, however, are clear enough.

In this connection the problem of overseas Chinese is an important one. In all South East Asian countries are large communities of Chinese. Of the total 160,000,000 people in this area, roughly from 8,000,000 to 10,000,000 are of Chinese origin. There are about 3 million Chinese in Thailand, 2 million in Indonesia, 2.6 million in Malaya, and large numbers in Burma and the Philippines. These centers of Chinese population can be a real source of danger and can also be a real source of strength. If they are sympathetic to the Communists they can be a menace, a powerful fifth column within the South East Asia area. On the other hand, if they are anti-Communist in sentiment they can be of great help to the governments. For this reason it is to the advantage of the authorities to win over the support of the Chinese communities. And this is comparatively easy to do. Being on the whole traders, artisans, professional men, and petty capitalists, they make up the bulk of the colonial middle class. They are therefore not good material for Communist agitators. Even the lower stratum of the Chinese society and the coolies are not necessarily inclined to sympathize with Communist objectives. The reason is simple. When they went to a far off country they had only one thing in view: how to make a living and, if possible, to amass a nice little fortune. What they prize above everything else are peace and order, because these are the first prerequisites of success. Social upheaval and political unrest will hurt them just as much as other people.

In view of the conditions in China, moreover, their attitude toward Communism is one of fear. Most of them have left behind in China relatives and friends who keep them constantly informed of the development at home. Letters from China are certainly not very encouraging. Well-to-do families are now being reduced to beggary. The taxes are high. Some of their friends or relatives may have fled to Hongkong or other places of safety. They thank their stars that they are not there. They are in no mood to listen to Communist propaganda.

On the other hand, it may also be pointed out that the so-called guerrillas in the Malayan jungles have Chinese leadership, that the only Communists in Thailand are of Chinese origin, and that the Hukbs of the Philippines have Chinese Communists to help them. It may therefore be argued that the presence of large numbers of Chinese in South East Asian countries is a tremen-

dous trouble potential and a fertile ground for Communist agitation. There is much to be said on this score. But it should also be remembered that the Chinese have contributed much to the economic progress of this area. The benefit has been mutual.

In Malaya, for instance, the first Chinese were imported by the British to work in the mines and on the plantations when it was found that the Malays had an easy enough life to enable them to refuse to work as cheap plantation or mining labour.

The Philippine Herald, a pro-government paper, recently published a 10-page supplement on the Chinese contribution to Filipino economy. In view of the strong anti-Chinese sentiment in the Islands the Herald was courageous indeed to point out that there is "a growing trend in the Filipino thinking that the situation of the Chinese in the Philippines needs to be re-examined." "In this re-examination," it added, "it is important that the background of many centuries' duration of Filipino-Chinese friendship, cooperation and mutual helpfulness be given consideration." Mr. P. H. Vival, the Herald's business editor, writing in his column in the same issue, called upon the Filipino businessmen to learn a great deal from the Chinese businessman—his willingness and foresight to take adventure in new industries, his capacity to adjust himself to new economic developments. What is true in the Philippines is also true in other countries in the South East Asian area.

As far as Chinese Communists in South East Asia are concerned the colonial authorities themselves had done its share of encouragement during the war years. In Malaya the jungle bandits of today are no other than the "Dal" forces (named after their British commander, Colonel John Daley) that had played such a gallant role against the Japanese. With 1000 rifles of all kinds, they battled the Japanese valiantly among the mango swamps in the north west corner of Singapore Island. The British had also imported, by submarine, a Chinese Communist resistance organiser by the name of Lim Boh Seng who managed to form a labour force of 10,000 for the defence work in Singapore. Although the British finally arranged for his escape when the Japanese occupied the Island, the influence he left behind is probably felt to this day.

Anti-Chinese sentiment in South East Asia has been predominately economic in origin. By dint of hard work and thriftiness, not a few poor coolies have founded millionaire families owning mines, plantations, big businesses, and banks. The native populations are naturally envious of the Chinese. They are not too pleased when they see that the "intruders" are better off than they. The Filipinos, for instance, cannot help but feel that something must be wrong with the

retail business when they discover that a large part of it is in Chinese hands. Accordingly their Congress is now attempting to pass a bill for the "nationalisation" of the retail trade. They forget, as one Philippine Herald staff writer has pointed out, that "we cannot legislate to nationalise trade unless we first nationalise ourselves, our own souls. We cannot nationalise trade unless we first establish a solid foundation for retailing—a chain of stores throughout the country. We cannot found this chain unless we train ourselves to run small stores that give so little profit."

Not all governments are rational, however. Swayed by popular emotion and nationalist sentiment, they are apt to discriminate against racial minorities in their midst. The Thailand military clique in power, headed by Marshal Pibul Songgram, is notoriously anti-Chinese. Even in Malaya, where they probably enjoy better legal protection than anywhere in Asia and where they constitute 40 per cent of the total population against 40 per cent of Malays and 20 per cent of Indians, the Chinese have been keenly conscious of the fact that they are being looked upon by the government as intruders or, at the best, second class citizens. It has been alleged that the purpose of setting Singapore aside from the rest of Malaya as a Crown Colony is to maintain the disfranchisement of the Chinese, whose center of gravity is in Singapore.

The Communists cannot fail to take advantage of the situation. Chinese Communist leaders and organisers in Malaya have worked hard to get the Malays, Indians and Chinese together and put up a united front against the British. They seek to extend their influence among Malaya's labourers of all races and religions. They advocate a multinational Malayan state in which Chinese, Malays, and Indians will be members of the same political organisations and trade-unions. But the Chinese in Malaya are basically conservative and the Communists have not been able to make much headway in their agitations.

But this feeling of being victims of discrimination has had a profound psychological effect on the Chinese population. The Chinese in South East Asia are generally inclined to believe that the weakness of the Chinese government has been the cause of their misfortune. They are convinced that if they are to be respected abroad they must have a strong China with a government capable of giving them the kind of protection which Britishers and Americans, for example, enjoy as a matter of course. For this reason, though they are generally apathetic to local politics of the countries of their residence in spite of consistent Communist effort to whip up interest in this regard (the Chinese language Communist daily *Min Sheng* in Singapore published an editorial warning that "it would be a serious mistake for the

British to draw up a new Constitution for this country without respecting the political status and the financial interest of the Chinese who are no longer as uninterested as they were in the pre-war days."), they are intensely concerned with what is going on politically in China. They dream for the day when China will become a major world power. They have been willing to make every sacrifice for the realisation of that dream.

Against this background it is easy to understand why the overseas Chinese had been such ardent supporters of the Kuomintang even when the party was only a small and insignificant band of revolutionary conspirators bent on overthrowing the Manchu dynasty. They were the original followers of Dr. Sun Yat-sen and contributed heavily to his revolutionary war-chest. When the Manchu dynasty was finally overthrown in 1911, they exalted in the victory and pictured to themselves a day in the not too distant future when they would be able to hold their heads high after so many years of humble pie. In this they were of course sadly disappointed. China soon relapsed into a period of civil strife and her international position reached a new low in the years preceding and following the first world war. Chiang Kai-shek's Northern expedition in 1926 had re-kindled a spark of hope. The Kuomintang organisation was introduced to all the countries where Chinese are found. This organisation was under the direction and control of the Kuomintang headquarters in Nanking. It conducted schools and published newspapers for the propagation of its principles. Its functions had been confined, however, to sending delegates to party congresses and whipping up enthusiasm for the Nationalist regime. It had little to do with local politics.

To the overseas Chinese, especially the merchant class, the Kuomintang has had a great appeal. Abroad as in China, the Kuomintang has been hostile to Communism. Aside from the basic conservative nature of the overseas Chinese, the Kuomintang had also been instrumental in warding off Communist influence in Chinese communities. In 1937 the Nationalist Government in China, in order to carry on its war against Japan called a truce with the Communists. The pattern was followed in various South East Asian countries. As a result numerous anti-Japanese groups were formed and the Communists were enabled to attract, under the cloak of patriotism, many persons and organisations otherwise not interested in Communism. In 1940 or thereabout the Kuomintang, realising that it was being engulfed, broke off its relations with the Communists.

The tactic of the Communists is to utilize every opportunity and exploit every situation for the furtherance of Communism. Communist victory in

China has given them tremendous prestige in the whole Far East. In addition to calling upon the native populations to revolt against their masters, Peking radio has been trying to impress upon the overseas Chinese that the Communist regime is their friend and that only the Communists can liberate them from the yokes of their imperialist oppressors. It has warned the Indo-Chinese authorities that their country was once a part of the Chinese empire and that the French are treating the Chinese badly. The claim that the security of Chinese nationals must be protected was also set forward as a complaint against Thailand. The same doctrine of protecting Chinese nationals can of course be advanced in the cases of Malaya, Indonesia, and the Philippines. The fact that this doctrine is contradictory to the Communist championship of native nationalism does not seem to bother Peking. Like their Russian preceptors, the Chinese Communists can and do espouse contradictory causes at one and the same time.

Military invasion of Indo-China and Burma by Chinese Communist forces does not seem likely at the present time. Such an adventure will be fraught with dangerous possibilities. It is improbable that Mao Tse-tung will be rash enough to run the risks. He still has plenty to do at home. But, as has been indicated, his long-range intentions are unmistakable. He will content himself now with extending help to Ho Chi Minh and other Communist leaders in their struggle against the "imperialist oppressors." The French and the British are not the only oppressors of the South East Asian peoples. In this category are also included Soekarno, Thakin Nu, Quirino and others who are being described as the "feeble-minded bourgeoisie," "collaborators with Western imperialism," "American stooges" and other equally picturesque names with which the Communist vocabulary abounds.

In the meantime Peking radio will continue to harp on the theme of Chinese minorities. It is intended to show the Chinese populations in South East Asia the Communist government's tender solicitude of their welfare. It is also a sort of political wedge which Peking wishes to drive between the Chinese and the governments. Whether the Chinese in South East Asia will swallow the Communist bait, hook, line and sinker, will principally depend upon the attitude of the governments concerned. It behooves the governments to take an enlightened view of the problem and act with fairness and justice. After all this is no time for discrimination and ill will. Any existence of animosity is to supply grist to the mill of Communism. And everybody stands to gain by a spirit of friendship and co-operation and mutual helpfulness.

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ECONOMIC NEWS FROM THE UNITED STATES

By E. Kann, (Los Angeles)

(Special to the Far Eastern Economic Review)

The Economic Situation.

Record high steel production is leading the forward push in American industry, closely surrounded by a number of favorable developments. Amongst the visible positive factors one can discern the following:

A firmly anchored stock market, having reached a new high since July, 1946. A sudden pickup in the textiles markets. An incessant demand for non-ferrous metals, especially copper (20½ cents a pound) and zinc. Over-all industrial output about equalling the best figures since the end of the war. Recently retail trade also displayed distinct improvements. Putting aside dislocations of a new labor flare-up, or other major political occurrences, results of the second quarter are sure to be very satisfactory. The threatened General Motors strike has been sidetracked through an amicable agreement.

There is still a large backlog of demand for new automobiles and trucks. House building continues on an ever-increasing scale, and so do the numerous accessories which are needed to complete and furnish a house. The high rate of national income, as well as one large volume of employment, virtually guarantee a large turnout of vacationists this summer, so that a record expenditure for travel may confidently be expected. Residential buildings started during the first four months of 1950 aggregate 395,000 units, a gain of 53% over the comparable 1949 period. Recently the weekly output of automobiles reached 178,000, breaking all previous records.

While business at this juncture is riding the crest of a prosperity wave, it must not lose track of lurking dangers which are liable to change the picture. Foremost of such perils are labour upsets and the international political situation. American exports abroad were 26% lower than for the corresponding first quarter of 1949. The enlarged purchase of new autos and new homes is causing a slowing down in various other lines.

However, on balance the horizon appears to be clear and rosy. At least, until further notice.

Rubber.

I am in a position to deeply appreciate the keen interest which Hongkong and Shanghai residents have been, and still are, taking in the fate of natural rubber. I also am fully alive of the suspense in which rubber shareholders have been held for so many bitter years. The last war with its merciless destruction of plantations, with enforced neglect of rubber trees for lengthy periods, and the development of synthetic rubber, caused much despair amongst people financially interested in the development of rubber estates. The recent unswerving, culminating in much enhanced prices for raw rubber, is therefore hailed by a large

group of investors as a heaven-sent gift.

Under these circumstances it is worth while to briefly review the world rubber situation, and in its special reference to the United States. Political disturbances in the rubber producing areas of Malaya, India, Indo-China and Indonesia have much curtailed the production of natural raw rubber, causing prices to gradually turn upward. One must not lose sight of the fact that rubber prices today are more than 70% above the 1949 low. And there is another aspect for comparison: they are 50% above the cost of synthetic rubber. This latter fact is liable to cause natural rubber prices to recede somewhat.

Already in 1940, when America was not yet embroiled in war against Japan, the directors of the Goodrich Co., (the most successful of all of America's rubber concerns) issued a timely warning, culminating in the advice to gather in as much natural raw rubber as could be obtained, and furthermore to initiate a program for the manufacture of synthetic rubber. Later, when the United States were cut off from foreign rubber resources to the extent of 97%, they had perforce to fall back on the use of synthetic rubber. The position was so precarious that the stock of natural crude rubber which the American authorities had managed to stockpile lasted them just long enough (with the strictest rationing system) to allow the output of man-made rubber to get into high-gear.

The building up of the American synthetic rubber industry was for purposes of waging the war: it cost \$697,000,000. When the war terminated, synthetic rubber did take the place of the natural plantation product, at least until the war-torn plantations could once more resume their organized working schedules. Actually the peak of production of the synthetic kind came only in 1946, when 700,000 tons of raw rubber were made synthetically. This figure, it is interesting to learn, was more than the peak consumption of natural rubber in prewar years.

War's end did not diminish the employment and consumption of rubber; indeed, its use expanded. But as the natural product became once more available, some of the American plants were held in a stand-by status, while others continued to manufacture. The Government fixes the price and requires that rubber goods manufacturers use at least 200,000 tons a year of general-purpose synthetic rubber. However, actually the industry in this country consumes about double that quantity.

Mr. John L. Collyer, president of the B. F. Goodrich Co., strongly pleads for arranging for a stockpile of artificial rubber for this country. He draws attention to the fact that the Malays have an estimated potential of 700,000 tons a year. But since communist partisans are razing plantations, scaring

off laborers and disrupting transportation, production volume is bound to shrink in the near future. The 100,000 tons capacity of French Indo China was last year reduced to merely 42,000 tons, due to the shooting war which, for a long time, has been going on there. As Indonesia has never recovered from the throes of the civil war, its productive capacity also was much reduced. In 1941 Indonesia turned out 650,000 tons of a 800,000 tons capacity; in 1948 it produced only 431,000 tons. Burma also is torn by insurrections and, in consequence, its output has seriously declined. Another possibility, Mr. Collyer points out, is that the United States might be completely cut off from natural rubber sources by communist conquest of Southeast Asia.

In March of this year the House Armed Services Committee recommended that the Rubber Act of 1948 be extended for three years in view of the uncertain world situation. The Committee rejected the storage proposal because it was not deemed proper to stockpile war materials which can be obtained domestically.

Oil.

In my last report I pointed to a likelihood of a resurgence of interest in oil equities, due to the distinct improvement of the oil's statistical position. This tendency continues, though not in the shape of a boomlet. Crude and refined oil inventories have been reduced by over 80 million barrels from the peak of 1949. Now the output is running behind demand, so that higher price levels are anticipated for the second semester of 1950. This means that earnings for 1950 should about equal those for 1949.

Texas oil producers suffered most under the prorationing system: they will now be permitted to increase production moderately. While the price of crude oil during the past ten months remained constant, motor fuel and fuel oil declined. Refineries which were unprofitable during the second half of 1949 are likely to show earnings in 1950, especially those concerns which have been modernizing their plants in the past two years. While prospects for the American oil industry are good for 1950, oil business is not out of the woods as long as prorationing in some districts is severe. Another unfavorable factor is foreign competition.

Eugene Holman, president of the Standard Oil Co. (N. J.) declares that his firm would hold its imports at a minimum volume; he adds that sharply rising fuel requirements will call for an expanding production of domestic oil and may call for expanding volumes or imports as well. The Independent Petroleum Association of America, which recently held its annual Convention in Los Angeles, projected an increase in over-all demand for petroleum products of 5.7 % over 1949. Current estimates show that this conservative figure for 1950 will be exceeded by a fair margin.

Speaking of oil, it is interesting to learn that the Standard Oil Co. (N.J.) recently invested \$10 million for a half interest in two Italian oil refineries and disbursed another \$2 million for purchase of additional equipment. As a sort of safeguard Standard Oil obtained the guarantee from ECA that it will be enabled to convert not less than \$14,487,500 of its Italian dividends into U.S.\$ over the next twelve years. The Italian refineries will buy crude oil from Standard Oil Co.'s Near East fields, thus saving Italy large dollar import. Standard wants to drill for new oil in the Po Valley, where government subsidized explorations have already struck rich supplies of natural gas.

The Film Industry.

Prospects continue dull. Not so long ago 20,000 people represented a fair average of hands employed in the Los Angeles industry. To-day the figure has been cut down to 10,000. Amongst the many factors influencing lower cinema earnings is the virtual exclusion of American pictures in foreign markets owing to dollar shortages. It will be recalled that the existing agreement between the U.S. cinema industry and Great Britain provided for a free remittance of \$17 million annually from London to America, as part proceeds of American pictures displayed in England. At this moment negotiations regarding this stipulation are proceeding in London. The American representatives are striving for an increased remittance quota, while the British are seeking to lower the figure to \$11 millions.

Although total earnings of the American Movie Industry for 1949 were lower than those for 1948, the results of 1949 were not unsatisfactory. But the devaluation of the pound sterling naturally had a harmful effect on earnings. Furthermore, amortization charges against pictures not yet fully written off were heavy.

Most movie producers have stepped up production schedules this season. In recent years first-run playing time has been shortened, and more product is now required to cause the boosting of lagging attendance. True, cost of producing pictures are now lower than they were a year ago, over-all costs can hardly be expected to decline much as long as production schedules are up; and over-all revenues are down.

There is no doubt that the spread of television has derogatory effects on cinema box revenues. To what extent theater attendance is hurt by television is very difficult to express in figures; and estimates vary considerably. Already now some few theaters have screens for showing televised events of national importance, but this phase represents isolated instances. Although the quota of American films that may be shown in Britain will be raised from 60 % of the total to 70 % after October 31, this can have no bearing on near-term operations.

The big problem of divorcing cinema theater ownership from film producing is to the fore, since new laws clearly demand such a separation. Paramount

Pictures, Inc. have complied with the stipulations of the new Act and separated production and distribution from exhibition. Radio - Keith - Orpheum decree, involving analogous procedure, has been extended to December 31, 1950. Other large concerns, like 20th Century Fox, Loew's and Warner Bros., are in a fighting mood. They filed appeals, taking their cases to the Supreme Court for further ruling. However, negotiations that have already been initiated may bring about some plan for divestiture of theaters, without further recourse to Court procedure. Seen from the investor's standpoint, film stocks or shares in cinema houses, are not likely to have good prospect in the foreseeable future.

Building Trade Booming.

Recent preliminary reports that U.S. building activity was at an alltime high were confirmed by Dun & Bradstreet. Building permits issued in 215 cities during the first four months of the current year totaled \$1,572,993,000, which means nearly 38 % over volume in the identical period of 1949, and 21½ % above the previous all-high in 1929.

Since the termination of the war 4,500,000 new homes have been added in the United States. This total, which includes 720,000 new farm homes, means that the supply of housing in this country has been augmented by about one-eighth in the five-year period. In the course of the month of April alone starts on none-farming housing aggregated 126,000, showing how strongly the general public is striving for modern comforts.

While dealers inventories are being rapidly diminished, especially in certain premium grades of lumber, gypsum board and lath, these materials' production can be increased if the current demand should be maintained.

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ERIC E. HALPERN

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Bright Prospects of Economic Development of Pakistan

by D. A. Kearns-Preston.

(Middle East Branch, Office of International Trade, U.S. Department of Commerce)

Pakistan is the largest Islamic state in the world. Established on a religious base by the efforts of its founder, Mohammed Ali Jinnah, it has an estimated population of more than 80,000,000. In less than 3 years of existence it has become one of the leading nations of Asia, an important factor in world affairs, and a respected member of the United Nations. Its leaders have proved themselves able administrators and statesmen, and its people and products are known and respected throughout the world.

Pakistan's Resources

Pakistan came into being on August 15, 1947, after 100 days of feverish preparation from the day that it was announced that India was to be partitioned. The lines were drawn on the basis of population of religious community; thus, there emerged a state with two vastly differing territories removed from each other by 1,000 miles.

Western Pakistan, with 307,000 square miles, now has a population of more than 33,500,000. Eastern Pakistan (54,000 square miles), has approximately 47,000,000 people—a density of 870 per square mile. The western area is a relatively dry, arid region which encompasses the Baluchistan desert wastes; the eastern area has prolific rainfall especially suitable for jute and rice production.

The new state inherited in Western Pakistan one of the world's largest irrigated areas. Eastern Pakistan is noted for its jute, the "golden fiber" of the East, of which it has the largest and best producing area in the world. It also has a highly profitable cotton, wheat, and rice production. Although deficient in rice, the country is well able to feed itself and export a surplus of wheat. (See table 1.) It also produces tea, hides and skins, wool, fur, bones and bonemeal, sugarcane and milled sugar, oilseeds, tobacco, and lesser cereals. Mineral production consists of petroleum, coal, gypsum, chromite, limestone, sulfur, and salt.¹

Pakistan's industry consists of cotton ginning, spinning and weaving mills, sugar refineries, cement factories, flour mills, foundries, railway and engineering workshops, and two petroleum refineries. Numerous handicrafts are produced and a sports-goods industry is centered in the city of Sialkot. As yet Pakistan's industries are able to supply only a small part of the country's requirements, but there are well-laid plans to correct this defect.

The Karachi airport is the largest on the subcontinent, and practically all traffic between Europe and the Far East

passes through this important center. The port of Karachi has long been known as one of the finest on the subcontinent. The railway system of Western Pakistan is extensive (more than 5,000 miles) and well integrated, and although this cannot be said of the railways of Eastern Pakistan, the latter has an excellent network of inland waterways.

Government Surmounts Difficulties

The problems which faced the state at its inception were enough to discourage all but the most stout-hearted and enthusiastic. There was no existing corps of Government officials well equipped, housed, and otherwise, prepared to take over on August 15. Karachi, the city selected as the capital, was a relatively small provincial center, entirely unprepared for the influx of thousands of new inhabitants. The housing problem alone was well-nigh insurmountable, and many Government workers were obliged to live in tents during the early months. Supplies and records from the division of Government in New Delhi arrived in special trains. The resultant confusion was such that one ministry was obliged to begin operations with but one typewriter. The complexity of administrative problems may be illustrated by the fact that a disproportionate share of railway workers in undivided India were Moslem and those who became citizens of Pakistan exceeded the number needed to run Pakistan's railways. On the other hand, the business community and bankers were mostly Hindu, many of whom emigrated to India, leaving a serious deficiency of those skilled in commercial operations.

Almost at the outset, a serious crisis fell upon the new Government. The communal massacres and the migration that accompanied partition in East and West Punjab will go down in history as among the most bloody of all time and as one of the greatest mass movements on record involving an estimated total of 12,000,000 to 13,000,000 people. The losses incurred in human lives and in lost production never will be fully known. The burden of providing for and resettling these evacuees was a severe strain on the new Government, and the problem of working out with India a settlement on evacuee property remains to be solved.

The early days, too, were beset by financial problems arising out of the division of assets of the prepartitioned government, by seeking to establish a sound basis of fiscal policy, and later by setting up a central bank and a separate currency.

Trading circles are well aware of the uncertainties that attended the days immediately following partition. Although import policy continued that of

the prepartitioned government, the administrative problems were multiplied. Over and over again goods arrived in Karachi consigned to a firm which had migrated to India. Their transshipment was often requested which called for an adjustment in the foreign exchange involved and in the import duty collected. Occasionally long-established firms could not be located for weeks, and some orders placed before partition were never delivered. Other goods of an essential nature were held for use within the country from which the order originally was placed.

Land frontiers which were once unimportant provincial boundaries became international frontiers and the regulation of transit of men and goods was inaugurated. Goods which once flowed freely became subject to control and even embargo. The normal sources of supply dried up and new channels of trade arose. With each of these developments there was an administrative and often a policy decision involved.

Many problems remain, the most important having to do with relations with India. The statesmanship recently demonstrated by Prime Minister Liaquat Ali Khan and Prime Minister Nehru when the former journeyed to New Delhi to discuss these problems and work out an agreement on the rights of minorities, holds great encouragement that the disputes over Kashmir, water rights, evacuee property, and currency exchange rates may soon be resolved.

Plans for Development

The responsibility for coordinating the planning of the various ministries of the Government and of the provincial governments rests with a Development Board within the Ministry of Economic Affairs. By October 1949, this Board had approved 92 development schemes calling for a total expenditure of 640,000,000 rupees (\$192,000,000) over a period of 5 years.² According to a published statement a total expenditure of 147,450,000 rupees (\$44,235,000) will be made in the fiscal year 1949-50. This is broken down as follows: for power, 40,000,000 rupees; for communications, 60,000,000 rupees; for irrigation, 45,000,000 rupees; and for agriculture other than irrigation, 2,450,000 rupees.

Development of industry is left to private enterprise with the exception of arms and munitions of war, hydroelectric power, transportation and communication equipment. The Government will, however, exercise control over the location of industry, the allocation of scarce materials, and the fixing of "industrial targets." Thus the development of industry in Pakistan is to proceed on a planned basis in accordance with government objectives.

As an aid to the investment of private capital, the Government has set up an Industrial Finance Corporation, it has reduced the import duty on machinery from 10 to 5 percent, and it has made important concessions on taxation. The

2 A Pakistan journal indicates that these figures have since been increased to 105 approved schemes and an estimated expenditure of 700,000,000 rupees (\$210,000,000).

1 Production in 1948 (in long tons except where otherwise indicated): Petroleum, 832,000 barrels of 40 imperial gallons; coal, 372,000; gypsum, 18,000; chromite, 16,000; limestone, 345,000; and salt, 220,000.

Table 1.—Pakistan's Principal Crops: Area and Production

Crop	Area (thousands of acres)		
	Final 1946-47	Final 1947-48	Final 1948-49
Rice	21,283	21,036	20,683
Wheat	10,063	9,983	10,372
Jowar (grain sorghum)	1,238	1,052	1,029
Bajra (millet)	2,346	2,072	2,168
Gram (chickpea)	2,863	2,581	2,752
Maize	1,000	979	956
Barley	490	481	611
Rape and mustard seed	1,587	1,608	1,519
Sugarcane	653	681	674
Jute	1,374	2,059	1,877
Cotton	3,230	3,091	2,853
Tea *	74	74	74
Linseed & castor-seed	76	74	74
Production (thousands of units—long tons, except as indicated)			
Rice	7,755	7,625	—
Wheat	3,132	3,265	3,985
Jowar	243	210	—
Bajra	410	309	—
Gram	628	593	—
Maize	407	407	412
Barley	133	134	179
Rape and mustard seed	281	281	—
Sugarcane	852	883	—
Jute	—	—	—
400-pound bales	4,128	6,843	5,479
Cotton ... do	1,388	1,085	1,011
Tea * ... pounds	—	43,300	45,690
Linseed & castor-seed	13	13	12
* Trade estimate.			

Table 2.—Imports and Exports of Pakistan, Oversea and Overland, January-December 1949

Period	(Values in thousands of rupees)					
	Value of imports			Value of exports		
	Oversea	Land	Total	Oversea	Land	Total
January	126,824	* 3,481	130,305	91,290	11,497	182,787
February	106,042	* 2,720	108,761	149,240	150,404	199,644
March	126,146	* 11,203	137,349	80,556	45,382	125,938
April	109,484	20,943	130,427	101,516	42,702	144,218
May	135,364	22,656	158,020	92,959	24,144	117,104
June	105,224	12,279	117,503	58,170	23,545	81,715
July	116,210	12,306	128,516	40,458	19,769	60,227
August	129,778	15,638	145,416	48,825	41,867	90,692
September	113,669	8,851	122,520	52,205	41,964	94,169
October	71,279	11,924	83,203	47,108	36,064	83,172
November	68,774	10,767	79,542	43,277	4,933	48,211
December	63,955	9,482	73,437	94,525	4,654	99,179
Total	1,272,749	142,250	1,414,999	899,931	426,925	1,326,856
Estimated Western Pakistan, January-June	—	23,250	23,931	—	45,547	45,547
Total, including estimated Western Pakistan	1,272,749	166,181	1,438,930	899,931	472,472	1,372,402

Note: Figures are provisional.

§ Excluding imports from Afghanistan, overland imports from Iran and government imports.

† Including reexports by sea; excluding reexports by land, exports to Afghanistan, overland exports to Iran, and government exports.

* Excluding nondutiable imports.

† Excluding nondutiable exports.

Government also seeks to develop the power without which industrial development cannot progress. Port facilities in Chittagong and Karachi are being improved, as are the railways, roads, and river transport. Efforts are being made to train technicians, and to establish research and training schools. Provincial governments are seeking to assist industrialists in the procurement of land, power, and other services.

In its statement on industrial policy in April 1948, the Government laid down its attitude toward foreign capital. It stated that "Pakistan would welcome foreign capital seeking investment from a purely industrial and economic objective and not claiming any special privileges." The training of Pakistan citizens is required, and opportunity must be given to Pakistanis to invest at least 51 percent of all classes of share capital and debentures in 13 leading industries. In all other, no more than 30 percent Pakistani participation is required. In either case, if the Government is satisfied that the required amount of local capital cannot be obtained, it may approve a larger share of foreign capital. The remittance abroad of a reasonable proportion of profits is assured.

Among projects already well advanced in the planning stage or under construction are power projects designed to triple present power facilities by 1955: increased rail, road, and inland water facilities; enlarged port facilities, particularly at Chittagong; increased communication services; expansion of the jute pressing industry and creation of a jute-textile-mill industry in East Pakistan; expansion of the cotton and wool textile industries, sugar refineries, cement plants, mach-

making factories, and paper-making industries. Plans call for the expansion of irrigated areas, the lowering of the water level where salt deposits have made the land useless, and the use of tractors to bring new land under the plow.

Thus Pakistan has set out to create a well-rounded economy from the ground up. In this task it is not bound by tradition, nor is it burdened with old, wornout equipment. It is thus in the enviable position of being able to profit by the mistakes and experiences of others, to start where others have only begun to arrive. By calling upon the skills and advice of experts and by utilizing the equipment most exactly suited to conditions in Pakistan, the prospects for Pakistan's economic development are both bright and challenging.

Pakistan's Trade

From the time of its creation throughout 1948 and a part of 1949, Pakistan enjoyed a positive balance of trade—in total, with India, and with the dollar area. It soon became evident that India was Pakistan's best market and its most important supplier, and in this trade the overwhelming importance of raw jute was soon to become a matter of prime importance to both countries. The United Kingdom was the second most important country with which Pakistan bought and sold; followed by the United States. A positive balance of trade with the United States placed Pakistan among the few countries which shared this distinction.

The Government was generous with import licenses during the early months, seeking to provide commodi-

ties unavailable within the country and possibly to lend encouragement to Moslem merchants to come forward and fill the gap left by Hindu merchants who moved to India. The Government itself stood in need of many kinds of supplies, and the care of the immigrants made it necessary to import many things, including grain, owing to the poor crop following the migrations in the food-producing areas. Exports consisted of the items previously listed as products of the land, notably jute, tea, cotton, hides and skins, and wool, of which jute was by far the most important, and world demand for these products was such as to give Pakistan a ready market at good prices.

Since September 1949, Pakistan's trade has undergone a drastic change. In that month other Commonwealth nations devalued their currency in keeping with the devaluation of the British pound. Pakistan, however, did not devalue its currency, thus making the prices of its exports higher in terms of the currency of those countries which devalued, and reducing the cost in Pakistan rupees of imports purchased in these countries. Also as a result, Pakistan's substantial imports of machinery and other goods from the United States have not appreciated in terms of Pakistan rupees, which fact is said to have influenced Pakistan's decision.

Inasmuch as India, which was Pakistan's best customer and primary supplier, had devalued its currency, the effect of this exchange disparity was most apparent in Indo-Pakistan trade. Although commercial banks in each country are free to deal in the rupees of both countries, actually they do not

The Situation in Manila

(Special to the *Far Eastern Economic Review*)

After the passage of the new Import Control Law, the appropriate amendments have been published and importers found themselves, at least temporarily, right back where they were prior to this Law. This condition exists simply because the machinery for "everything under control" — imports, has not as yet been set up and it might take another month to get it going. In the meantime confusion reigns among the importers and no one seems to know whether he is coming or going.

The International Gold Reserves were maintained during the month of May and, as a matter of fact, went up about one million dollars. Nevertheless, it is becoming more and more difficult to secure foreign exchange for imports, travel and remittances abroad. As a result of the strict policy of the Central Bank the unofficial rate of exchange was reported to have jumped to as high as P2.80 to US\$1. and renewed rumors of devaluation have contributed to demand for U.S.\$.

The devaluation rumors affected the dormant Manila Stock Market as well and under the leadership of copper producer — Lepanto Consolidated, has jumped up.

The domestic price of gold remained steady at P96.50—P97.00 with moderate demand. It is expected that as soon as traders realize that the price of gold (based on the unofficial exchange of P2.80 for US\$1.) is below the U.S. Government's official price, the demand will increase with subsequent higher gold prices.

The Annual report of the Central Bank cites its accomplishment during the year past. It is true that the flight of capital was officially stopped and prompt and drastic measures have prevented complete depletion of International Gold Reserves. On the other hand the mere fact that the measures have not increased the inflow of dollars discounts accomplishments considerably. Cutting imports to save foreign exchange will not save the country but prolong the rate of declining standard of living. On the contrary the exports have not increased in value nor volume and with curtailed U.S. Government expenditures the foreign exchange receipts will decline.

While several new industries have started in the Philippines still their effect will not offset the lower dollar receipts. It is generally felt that unless exports of Philippine products are considerably increased and new exportable items are developed no restrictions will even equalize the trade. The opinions most advanced are that the Central Bank and P.I. Government in general should take a realistic attitude towards its problems and allow exporters of commodities other than "traditional" (copra, hemp, sugar, etc.) to utilize part of realized foreign exchange for uncontrolled imports of merchandise. This would immediately stimulate development of new products and industries and will offset to a greater extent decline in foreign trade. Under these conditions it will become a matter of "life or death" for any

importer and he will strive to export to remain in business.

It must be borne in mind that Filipinos enjoy the highest standard of living in the Orient and during the transition period of several years prior to imposition of import duties on Philippine products by the U.S. new markets and above all, new commodities must be developed. Unless steps are taken to develop these commodities, Philippines will find themselves competing in the world markets with countries such as U.S. of Indonesia, China, India, etc. with resultant lowering of living standards.

The Central Bank report admits that under the present measures the retail prices of imported commodities will increase "until such time as locally produced substitutes are developed." This means further inflationary tendencies and Peso depreciation.

In the report of the Bureau of the Census and Statistics (Facts and Figures 1948-1949) significant comparison exists:

Number of Importers — 924
Number of Exporters — 490

Another most surprising statistic concerns retail trade. Against the popular belief that Chinese are primarily controlling retail trade and maintain the most retail establishments the report shows:

Retail Stores owned by
Filipinos 53,260
Chinese 11,321

These figures will make very interesting reading to politicians who claim that "aliens are monopolizing the retail trade."

do so as the central banks do not support them. As a result, there is no means of financing trade and it has come to a virtual standstill. The end of this stalemate is not yet, and the effect is clearly indicated by the low value of land trade for November and December (see table 2), especially of exports, which primarily represents the falling off of raw-jute shipments to India.

Deprived of a natural market in India for its products, Pakistan's present efforts are directed toward the search for new markets for its products (notably jute, cotton, and wheat), and the creation of larger facilities for processing jute and cotton within the country. The success of these efforts cannot be assessed in so short a time. Meanwhile, there are optimistic reports of attempted solutions to the trade deadlock, which if accomplished would relieve both countries of a heavy burden.

The direction of Pakistan's trade has also shown a decided increase in the percentage of total imports from Japan and Italy, and small but significant increases in imports from U.S.S.R., Egypt, Burma, France, and the Netherlands. On the export side, Pakistan has found a market for a larger share of its products in France, Germany, Hong Kong, Egypt, and Japan.

Pakistan's imports supply practically all its demand for manufactured goods. Especially noteworthy are cotton yarn and cloth, machinery, vehicles, chemicals and dyes, vegetable oils, petroleum, iron and steel, paper, rubber goods, and jute and woollen goods. Pakistan also has imported some grain, fruits and vegetables, sugar, tea, and tobacco. Import figures do not include Government imports, and total imports are thus substantially larger than indicated in table 2.

Pakistan is a contracting party to the General Agreement on Tariff and Trade and participated in the tariff reductions agreed upon at Geneva in 1947. It was also a party to the discussions of the ITO Charter in Habana in 1948. It has concluded bilateral commodity agreements with a number of countries, including India, Egypt, Poland, France, Yugoslavia, Ceylon, Japan (SCAP), Czechoslovakia, and Western Germany, and has discussed trade relations with several other countries. In all agreements the implementation has been left to private trade. A beginning has been made toward concluding treaties of commerce and friendship with several countries, and preliminary discussions have been held with the United States looking toward a treaty of friendship, commerce, and navigation.

The Current Economic Position of Britain

I EXPORTS

(i) British exports to the world:

The daily rate of U.K. exports in April, though slightly below the high level achieved in the first quarter of this year, was still 12 per cent above the average for 1949.

(ii) To the U.S.A. and Canada:

British exports to the U.S. earned \$15.6 million in April. This showed a drop on the first quarter average and was, in fact, the lowest since last October. Exports to Canada, on the other hand, continued the steady improvement they have shown over the last few months and at U.S. \$25 million in April were 13 per cent higher than in March and the best since October.

The following table shows the total of U.S. dollar earnings of U.K. exports to the U.S.A. and Canada in each quarter of 1949 and so far this year:—

		Monthly average earnings of U.S.\$ from U.K. exports to U.S.A. & Canada	
1949	1st quarter	47.9	Converted at
	2nd quarter	39.9	\$4.03=£1
	3rd quarter	40.3	
1950	4th quarter	38.7	Converted at
	1st quarter April	42.7	\$2.80=£1
		40.6	

Unemployment in Hongkong

By Lee Bing

After spending several weeks investigating the unemployment question in Hongkong, my survey reveals a staggering figure of at least half a million of people out of work in the Colony at the present time. These figures are derived as follows:

According to Government statistics, the employed workers registered at the 1,500 factories and industrial plants only total 120,000. If we add those employed at government institutions, dockyards, business offices, shops, schools, amusement places, street stalls, brokers etc., at a rough guess, they may reach the figure of 230,000. The two totals amount to 350,000 only.

If we add the number of housewives, children, servants, the aged and those who do not have to work for a living, we may liberally regard this amount to be another 350,000.

Again, if we add the number of soldiers, sailors, transients and those seeping through the border by illegal means, say totalling 100,000 and add another 200,000 who through unforeseen circumstances have not been covered, then all these totals give a grand total of only a million people.

With a population of two million odd in the Colony and only with one million accounted for as above stated, it shows that the unemployed should reach over

(iii) **The Balance of Payments:** In the first quarter of this year Britain was running in balance, or in moderate surplus, in her trade and payments with the rest of the world—a big improvement on the £600 million deficit she had in 1947. Last year the deficit was £70 million.

II PRODUCTION

Industrial production in the first quarter of this year was about 9 per cent higher than in the first quarter of last year. Most of this improvement was due to increased productivity: the numbers in industrial employment have not risen a great deal in the past twelve months.

III PRICES

Import prices have gone up over 16 per cent, since devaluation last September; the index of U.K. export prices has risen by less than 5 per cent. Wholesale prices have risen 9 per cent. Both the index of retail prices and the index of weekly wage rates, on the other hand, show rises of less than 1 per cent, since devaluation.

IV THE COST OF LIVING

In the House of Commons on 1st May this year the Chancellor of the Exchequer in a written answer stated that personal incomes, after provision for taxes on income and National Insurance contributions, were 95 per cent. higher in 1949 than in 1938. Prices of consumer goods and services were in February, 1950, on the average about 90 per cent. higher than in 1938.

a million mark. But to make a conservative survey I have split this in half and arrived at the conclusion that the number unemployed people here reaches the figure of at least half a million.

Normally, this large unemployment would constitute a social threat to any other territory in the world except Hongkong. Why is this? The explanation is found in the Chinese family system. The precepts inculcated by Confucius and faithfully followed by the Chinese for twenty-five centuries is based on the idea that the unit in China is not the individual but the family. The family is responsible for the good or bad conduct of its members just as is a neighbourhood for its inhabitants, an official for those governed by him. This results in a system of mutual responsibility among all classes. An unemployed relative is taken in by a "better-off" relative as a moral duty. This system works as a kind of benevolence and seems an advantage over the system of the occident because the unemployed are thus absorbed and are not a burden on the State.

Take any Chinese family in Hongkong to prove this. There is hardly one family or bread-winner that does not have one or more relatives or friends staying in the home as "guests" who are looking for a job. The average family has three to five of these hangers-on. To a foreigner, this may seem strange and intolerable but the Chinese take this as a moral obligation or feel a sense of duty to help a relative, clansman or friend when in distress. And indeed, most people who are refugees in the Colony are sorely in need of charity.

Since the Communists took over the mainland of China, the Chinese people who were either unwilling to live under the Red regime, or who could not pay or would not pay the various heavy taxes left their hometowns and converged to Hongkong hoping to eke out a living under the British flag. But once in the Colony, they found the place overcrowded and to their dismay the rosy prospects they had visualized were shattered. Their constant and heart rending attempts to seek jobs repeatedly led them to a blank wall. Jobs were scarce and looking for one was comparable to looking for a needle in a haystack. Those that had some money managed to live comfortably well and felt independent until their money ran out. Those without means pocketed their pride and sought help from relatives or friends.

The influx of refugees may cause here:

1. A possible threat to those now in employment. Salaries and wages might be reduced thus discouraging future hopes for increases. This is one disadvantage for an employee.

2. Among the great number of unemployed there are many with better capabilities than those employed.

These are possible rivals for the same jobs. This fact constitutes a possible threat to present employees.

3. The families who have absorbed these jobless friends or relatives are burdened with extra expenses and many hardships. Supporting the jobless is unending; it may take six months or one year before they may find a job.

Look at anyone of the unemployed; a cheery individual will usually be found. He is dauntless and full of hope. He refuses to be defeated but continually seeks and seeks unwearily. This happy disposition is due to his tranquil make-up and serenity that is a noted characteristic of the Chinese people.

The bulk of the jobless Chinese are derived from the following four groups;

1. Farmers numbering 200,000 from seaboard provinces such as Chekiang, Kiangsi, Fukien and Kwangtung, especially from districts of Wai-Yang, Tung-Koon, Hai-Fung, Luk-Fung, Swatow who came to Hongkong to look for jobs as coolie or construction worker. This influx has affected the wages for coolies. A drop was seen in Feb. to May with the result that wages for coolies have been drastically reduced. About half of the above number only are employed. 100,000 are jobless.

2. Large and small capitalists, the bulk of which are from Shanghai, Hankow, Tientsin, Peking and Canton who brought money and in some cases their own factory workers to the Colony. Other workers from these cities also came on their own volition, hoping to get work but failed. These consist chiefly of restaurant cooks, weaving, dyeing, metal, rubber workers, printers, electricians and mechanics, transportation experts, contractors, chemists, tobacco workers, tailors, barbers etc. It is estimated that 300,000 of this class came to Hongkong and one half are jobless through spending all what they possessed. This makes 150,000 unemployed.

3. Large and small Canton business men and their families as well as their staff, some absentee land-owners or people of means who escaped to Hongkong to avoid paying high taxes and the buying of victory bonds. From December 1949 to May 1950 those coming to Hongkong are estimated at 300,000. Many of these gave up their businesses to start new ones in the Colony, largely restaurants or cafes. Out of this number one half are unemployed. This makes 150,000 unemployed.

4. The Kuomintang officials of various ranks which include generals, ministers, magistrates, judges, mayors etc., who have taken refuge in Hongkong number about 200,000. It is worthy to note that among these men, there are a great number that are specialists in their own fields and who have received training abroad as architects, in medicine, as waterwork experts, engineers, lawyers, railway men, chemists etc. Out of this number about

Electricity and the Revival of Kowloon

Progress in the development of the services provided by the China Light & Power Company provide a guide to the pace with which the industries in Kowloon and the New Territories have increased in number since the Summer of 1946, when control was resumed of the electrical installation. Initial restoration of plant from three years of Japanese neglect and some war damage inevitably absorbed the energies of the Company's staff but by the end of 1947 a nucleus of 483 factories—mostly established before the occupation—had been connected to the system. Many of these industrial plants had virtually reverted to human power as their motive force and it was now possible to restart many of the Colony's basic industries; e.g. the shipyards (7), engineering and metallurgical plants (94), textile units (162), rice and flour mills, and industrial units essential to the rehabilitation of housing. During the next two years 763 industrial consumers were linked to the Company's electricity system, and the fact that about 12% of this category of consumers dropped out suggests that much activity was in progress in renovating and enlarging productive units.

Growth of Generating Capacity

Taking 1947 as a base year, the average of about 50% more new factories registered with the Hongkong Colonial authorities between 1948 and

one half are jobless, that is a further 100,000 unemployed.

It is therefore estimated that 70% are jobless, living with relatives or friends, 20% living on their own or have means, 10% are homeless and wandering from place to place.

Summarising the present situation, as it is seen by the writer, the conclusion presents itself as follows:—

A. Unemployment is the most serious question of Hongkong today. B. It is a question which cannot be solved by Hongkong alone. C. It mainly rests with the People's Government of China to win the people's confidence and their respect and support so that emigrants will voluntarily return to the mainland to resume their respective business in the potentially so rich country of China.

The question of unemployment and overcrowding in Hongkong, a direct consequence of the political turmoil in China, has engaged the fullest attention of the authorities and the business community since a long time. For humanitarian reasons Government did not introduce any check on immigrants from China until the problem became so pressing that restrictions were found necessary. It is hoped that the return of normalcy in China will not be long delayed and that then the return of the many refugees now staying in Hongkong will commence.

A few local Chinese writers have recently made a survey as to the number of unemployed and Mr Lee Bing has written the above story. Figures given by the author and his fellow researchers must be treated with some reserve as they tend to overstate the seriousness of the unemployment situation here. (ED.)

March 1950 suggests that factory capacity was at least doubled; actual productive capacity rose in a considerably higher ratio, when account is taken of extensions to plant and the establishment of new, large scale industries e.g., the 13 cotton spinning mills with an annual capacity of over 50 million pounds of yarn, not to mention the doubling in the value of the average monthly exports of many products manufactured in the Colony and a rise of one third in the number of employees in registered factories. This high increase in industrial productivity can be attributed in part to the electric power relayed to the factories but regard must also be paid to the electricity served to domestic consumers, many of whom man the factories. The number of consumers in the latter category rose from about 20,000 in 1946 to over 32,500 at the end of last year. There is a reserve for expansion, however, as the actual capacity at the end of 1949 was of 50,500 kilowatts.

In more precise terms the daily output of electricity by the China Light & Power Company has risen from a low rate of 2,600 K.W. Hours in 1946 to the present level of 30,000 K.W.H. or a rise in daily output from 24,000 K.W.H. to 500,000 K.W.H. at the present time. It is relevant to mention that before the occupation capacity was of the order of 8,200 K.W.H. and thus that the Company restarted with only about one third of its original capacity. As regards the localisation of consumption in the industrial areas, this rose at the substations of the Company as follows: (in amperes)

	Sham-shuipo	Tsuen Wan	To Kwa Wan
1945	Nil	Nil	Nil
1947	200	"	"
1948	—	100	"
Today	700	440	250

Provision is being made for yet a further increase in the output of electrical energy; a 20,000 K.W. high pressure turbine and a 200,000 lb. boiler to be installed in the fairly near future will provide a capacity of 70,500 K.W.H. or about 40% greater than the plant at present in operation.

Capital Development and Costs

The total value of the fixed assets of the China Light & Power Company was shown in their balance sheet, as at September, 1949, at a figure of about 19.5 million Hongkong dollars, as against a present capitalisation of 21 million Hongkong dollars. (In fact this is no more than a notional figure, in view of the actual investment and, particularly its replacement value at present prices). Progress has already been made to implement a five year programme of capital expenditure, costing 12.65 million Hongkong dollars, which was launched in 1948. About

63% of this programme will be in respect of the expansion and modification of generating equipment and 31% for the extension of the distribution system.

The Company's main field of operation is in Kowloon, but it has overhead lines rounding the perimeter of the New Territories, from which feeder lines can be erected as new requirements for its services occur. During the early period of the reoccupation pilfered supplies were common and much time had to be spent by the Company's personnel in controlling such illicit diversion.

It has been the policy of the China Light and Power Company to reduce charges, whenever it becomes economically practicable to do so and eight reductions in the tariff have halved these charges during the past four years. In 1946 charges per unit were at a rate of 71.28 cents for light and 27.72 cents for power; (for purposes of comparison it may be noted that the pre-war rates stood at 17.86 cents and 7.7 cents). Today the unit rates for charges are about double those made before 1941 and stand at a figure of 34 cents for light and 15 cents for power. The present rate presumably takes into account the relatively high cost of restoring and extending equipment, as well as such factors as labour and fuel, which remain well above the pre-war level.

Generating Plant

A visitor to the Company's power plant at Hok Un, at the Eastern end of the Kowloon shore, will see no traces of the damage caused by three bombs or of the British demolition charges, which put the then largest high pressure turbine out of commission during the Japanese occupation. Today the cream coloured buildings, which house the two post-war turbines and the ten other older power units, throw into relief the structural works being progressed for the reception of new steam turbine equipment. Virtually the whole of the boiler installation is oil fired, but would revert to coal in an emergency. One of the expedients used immediately after the reoccupation to keep one 200,000 lb boiler unit going, was for hundreds of women to maintain a continuous flow of logs of wood into the furnace. One boiler unit, after the termination of hostilities, was provided by the purchase of the oil firing equipment from a ship in the harbour, while another was adapted to dual firing by the Company's engineering staff, with locally manufactured equipment. Today, the fruits of enterprise and ingenious adaptation are represented by the 12 boiler units, with a capacity of 460,000 lbs. per hour, which feed steam to the 12 existing generators at the China Light and Power Company's Station.

Industries Served

A visitor may not find it amiss to see where the electricity generated at this modern plant is consumed.

It may be among the highly efficient textile factories, started during the past couple of years, or in the small, often ill ventilated weaving shops, where women huddle round a dozen old often ramshackle machines turning out towels or rolls of material of check design for table cloths and dusters. It may be giving light to small factories, where boys pull innumerable canes through the jaws of a cutting device, which turns out the binding material for bamboo scaffolding, for rattan furniture etc. In other shops electric power is needed to fuse wood and lead amalgam into pencils or to heat rubber vulcanising equipment; the latter keeps hundreds of women at work on the production of galoshes, gym shoes and other rubber goods exported the world over.

One particular commercial consumer of electricity, the Chiap Hua Manufacturing Co., is so self-sufficient that, with the steel scrap obtained from its ship-breaking business, it produces the machinery with which to turn out electric torches, fountain pens, steel window frames and other light engineering products this Chinese owned firm makes, also, the tools, heavy presses etc., required for its business as a metal merchant. Thus in a small foundry lumps of red hot steel are manhandled deftly through rollers, (built on the spot), and then flicked on one side to cool as steel strips. Nearby are more Chinese boys rolling jagged lumps of brass into the sheets which, when cold, are pressed by women into cylinders for torches. Everything from a rusty boiler to a cartridge case is grist to their mill.

Life Giving Power

Necessarily in a city as large as Kowloon with a population of well over a million, the domestic consumption of electricity looms large, and is an essential complement to the drive given to the industrial life of the locality. Consumption in the blocks of tenements, in the shops, in the squatters' wooden huts on the hillocks, as well as street lighting and the neon lights on the facades of buildings, probably call for 43% of the output of the China Light and Power Company.

The area served by this electricity supply system is a study of contrasts between the near primitive, still characteristic of much of the Far East, and the mechanical efficiency of a Westernised community. The availability of electricity to this teeming population had made an important contribution in harnessing their energies and ingenuity. The security, which they enjoy under British administration, can give them scope to develop the talents displayed in resurrecting what, barely six years ago was virtually a dead city.

Port Facilities at Hongkong

The Port of Victoria is amongst the busiest ports of the world, as is shown by the fact that during the year nearly 67,000 vessels of 23¼ million tons entered and cleared: of these 43,000 vessels of 22¼ million tons were engaged in Foreign Trade and 23,900 were junks and power driven vessels of under 60 tons engaged in local trade and totalling 750,000 tons. (Before World War II the highest tonnage handled totalled 56.7 millions, in 1924. In later years the average ocean tonnage handled was fairly constant at 23 millions but other tonnage fell on account, mainly, of the activities of the Japanese in Chinese

waters. In 1937, the tonnage going through the port of Hongkong totalled 37.8 millions). Some idea of the steady upward curve in the tonnage of commercial cargo handled post-war may be gained from a comparison of the monthly throughput since 1947, which by March, 1950, had risen by 125% by weight; during the comparable period the value of imports and exports had risen respectively by 219.3% and 219.6% (i.e. to 283.2 million H.K.\$ and 222.6 million H.K.\$). The monthly average tonnages in earlier years compare with March 1950, as follows:—

Month	Ocean Going Vessels		River Steamers		Grand Total
	Discharged Tons	Loaded Tons	Discharged Tons	Loaded Tons	
Monthly Average, 1947	187,552	71,047	7,483	7,369	237,451
Monthly Average, 1948	193,416	87,849	9,042	7,456	297,763
Monthly Average, 1949	272,418	128,034	8,291	10,404	419,147
March, 1950	331,242	216,248	7,754	14,155	569,399

As regards the influx & efflux of passengers over 2 million arrived and left the port, together with 25,000, who embarked as declared emigrants; this total traffic compares with an "in and out" traffic of about 480,000 in 1947, on a volume of about one half for the earlier period. Within the port the services of two ferry companies carry over 80 million passengers a year.

Wharfage and Storage

The Port is well equipped with commercial wharves and piers, the principal ones being on the mainland; these

services are privately owned and do not come within the direct administration scope of the Port Authorities. Of these concerns the Hongkong & Kowloon Wharf and Godown Company, Ltd., alone has 10 deep water berths which can accommodate vessels up to 750 feet in length with a maximum draught of 32 feet. Storage space is available in the Company's godowns for approximately 750,000 tons of measurement cargo and these godowns are equipped with electric cranes and hoists. In addition to the modern fire prevention equipment the Company

maintains its own Wharf Fire Brigade and, for internal security and prevention of thefts, its own Wharf Police.

Messrs. Alfred Holt & Company, Ltd., (The Blue Funnel and associated Lines) have their own wharves and godowns also on the mainland. These comprise two wharves with a total frontage of 1600 feet and can accommodate vessels drawing 31 feet. Storage space is available for approximately 26,300 tons measurement and the godowns are equipped with electric lifts.

On the island of Hongkong the North Point Wharves, Ltd., recently completed the only commercial deep water berth available to shipping on the island. The linear quayage is 1223 feet and can accommodate vessels up to 30 feet draught alongside. Storage space is available for 20,000 tons measurement. At West Point the China Provident Loan and Mortgage Company, Ltd., have godowns with a Storage capacity of 110,000 tons and it is proposed to build a modern pier there in the near future.

In addition to these wharf facilities the Government maintains for hire 46 moorings, 17 'A' Class moorings suitable for vessels up to 600 feet in length and 29 'B' Class moorings for vessels up to 450 feet in length. 7 'A' Class moorings are special Typhoon Moorings.

Repair and Building Facilities

It is generally considered that the building and repairing facilities in the Colony are the finest in the Far East and these have as an adjunct to their activities Ship Survey Organisations of international standing, which include Lloyd's Register of Shipping, the Bureau Veritas, the Norske Veritas and the American Bureau of Shipping.

There are 65 ship, boat-building and repairs yards in the Colony, of which all but nine concern themselves with the smaller types of vessel and native craft. The largest and best known are the Taikoo Dockyard & Engineering Co. and the Hongkong & Whampoa Dock Co.

With the general improvement in the position of the supply of steel, new construction on a number of vessels has commenced in the past year, the largest being a 10,000 ton passenger and cargo ship and a 200 feet high-class river steamer. There is wide variety in the types represented in the new work, small self-propelled craft, special aluminium alloy launches, tugs and salvage vessels, ferries for both passengers and vehicles, steel lighters of large capacity and a growing post-war business in ships' lifeboats for export and local supply.

The repair side in itself represents a major industry in the Colony especially considered a sea-going tonnage of over 23 million net tons per annum using the port. Repair work is on an international basis with British, Dutch, American, Canadian, Indian, Norwegian, Swedish, Chinese, Burmese, Korean, Philippine and Russian ships using these services.

In 1949 the two largest repair yards, which are under European management, docked 510 vessels of 1,226,000 gross tons, effecting in addition, repairs afloat, to over 1,440 ships of 6¼ million tons. The facilities owned by these two large dockyards include seven graving docks and five patent slipways, the largest dock being capable of accommodating any vessel using the port or a ship of up to 750 feet in length. With the completion of the elaborate post-war rehabilitation and modernising programme undertaken by these two concerns, comprehensive facilities exist for repair work to hull, machinery and equipment on all types of vessels. Heavy lift facilities are provided by a 100 ton hammer head crane and a 150 ton electric "Titan" crane. Licences

are held for the manufacture of Brown-Curtiss & Parsons Turbines and Sulzer & Doxford diesel engines. First-class facilities are also available for both towing and salvage services by the docks and by a large Salvage & Towing Company based on the Colony.

The repair figures given exclude the work performed in the Chinese owned yards of which six are capable of slipping and building vessels up to 220 feet in length. The remaining small yards devote their activities to building and repairing small wood vessels.

Port Administration

The harbour of Victoria, together with the territorial waters of the Colony, is administered by the Director of Marine, who, with his staff, are officials in the service of the Hongkong Colonial Government. In addition there is a Port Committee, consisting of 4 official members and the King's Harbour Master representing The Commodore-in-Charge, Hongkong, together with 4 Unofficial Members nominated by the General Chamber of Commerce and the Chinese Chamber of Commerce sit with the Director of Marine as elected Chairman and advise on long term policy. The Port Executive Committee, representing shipping and godown interests with the Director of Marine as ex officio Chairman, deal with the day to day problems of the Port.

The administrative staff for the Port are organised under the Director of Marine into three main branches; viz. Port Control, Marine Licensing and Ship Surveys. The Port Control Branch of the Marine Department is concerned with the entry, berthing and clearance of all ships over 60 net register tons and all other general matters affecting the safety of shipping and the smooth working of the port, the Mercantile Marine Office with the engagement and discharge of crews on British Articles, the Registry Office with all matters affecting the registration of vessels on the Hongkong Registry, the Marine Licensing Office with the licen-

sing of the 17,000 odd junks and other craft licensed in the Colony and the entry and clearance of junks and power driven vessels under 60 net register tons, the Lights Office with the establishment and maintenance of Marine Navigational Aids and with a Slipway Staff for the efficient running of some 150 small Government vessels. The Ship Surveys Branch of the Department provides Government Ship Survey services with a staff of highly qualified officers who undertake, on behalf of British and Foreign Governments, all classes of international survey duties to the standards of the International Conventions and Simla Rules. For example, 124 Passenger and Safety Certificates were issued in the past 12 months. The services of these Surveyors are available on a 24 hour basis and are called upon by every major maritime nation whose vessels call at Hongkong.

Navigational Aids

The port is well equipped with aids to navigation, both in the approaches and within the port, and all lights have been re-established since the reoccupation. New modern electrical equipment providing a light visible 21 miles together with a diaphone fog signal have now been installed and are under test on Waglan Island. The installation of a new and powerful electric oscillator fog signal has been completed at Tathong Point and the electric equipment for a new light at Green Island is about to be installed.

Ocean-going vessels with a draught of not exceeding 34 feet can enter by the eastern entrance and if not exceeding 24 feet by the western entrance. Each entrance is covered by a Quarantine Examination Anchorage with Port Health Officer's launches, equipped with Radio Telephones, on duty from 0600—1800 daily. The arrangement expedites the granting of pratique and prevents unnecessary movements within the crowded harbour.

Ship/shore communications are provided by 3 Signal Stations, each manned

Hongkong Economic Reports

Coal Stocks: In April 1950 coal stocks here aggregated 54,905 long tons of which bituminous lump totaled 32,660 t. bit. dust 10,183, anthracite dust 2949, gas 5989 and coke 2494 long tons. The monthly averages in 1948 and 1949 were as follow: 87,298 t. and 64,807 t.

Wheat Flour Stocks: By the end of December last year wheat flour stocks totaled 5453 long tons while the monthly averages for the years 1947—1949 were as follow: 3767 t., 3448 t. and 3921 t.

Rice Imports: Rice imports received here under international allocation totaled for the first quarter of this year 20,000 metric tons (landed weight, nett) all coming from Thailand. In 1949 total imports under allocation amounted to 70,908½ tons which came from Thailand (53,585) and Burma (17,323½). In 1948 these rice imports aggregated 109,972¾ tons, arriving from Thailand (58,095¼), Burma (36,257.8), Indochina (15,619.6) and Egypt (4646). Total imports for 1947 and 1946 amounted to 81,296 t. and 79,086 t.

Cement Production: In April the local cement factory produced a total of 6022 metric tons. Production in the 2 preceding months was respectively 7272 t. and 7114 t. The monthly averages for 1947—1949 were respectively 2852 t., 4435 t. and 4889 tons.

Cotton Spinning Mills' Production of yarn: In March there were here 13 cotton spinning mills equipped with 166,254 spindles producing a total of 4,263,840 pounds of yarn. By the end of 1949 only 11 mills were in operation and their spindles numbered 123,940. Total yarn production in 1949 amounted 23,746,000 lbs. At the present tempo of production the annual output should reach between 45 to 50 million lbs. In January this year 13 mills had only

on a 24 hour basis, and fitted with modern daylight signal lamps which provide coverage for all anchorages within the harbour and its approaches. In addition, Waglan Lighthouse operates a Signal Station equipped with a Radio Telephone which enables the first information of all vessels sighted in the eastern approaches to be passed to the Port Authorities, Owners and Agents.

The internal security of the harbour and the Waters of the Colony is maintained by the Marine Division of the Hongkong Police, which consists of 36 officers and 360 men, who man and operate a fleet of 26 Police Launches. All these launches are armed and are in radio telephonic communication with the Central Room at Police Headquarters. Liaison with the personnel of the Director of Marine is maintained where necessary.

HONGKONG PRODUCTION OF ELECTRICITY

	Average Monthly 1947	Monthly Average 1948	Monthly Average 1949	April 1950
	Kw. Hrs.	Kw. Hrs.	Kw. Hrs.	Kw. Hrs.
Lighting	3,298,718.00	4,346,143.34	5,644,242	7,259,200
Power	1,244,540.71	3,775,142.33	5,961,254	8,001,415
Traction	631,524.50	749,802.00	805,757	885,885
Bulk Supply Consumers	2,340,809.42	3,570,114.25	5,610,309	7,357,011
Public Lighting	71,710.92	93,789.33	117,171	137,947
Total	7,587,303.55	12,526,000.25	18,138,733	23,651,458

In January through March 1950 production was as follows: 21,283,402 kw. hrs., 20,325,683 kw. hrs. and 22,500,600 kw. hrs. respectively.

HONGKONG GAS MANUFACTURE & DISTRIBUTION

	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	April 1950
	Cubic feet	Cubic feet	Cubic feet	Cubic feet
Domestic)	17,033,392	21,975,525	(28,494,550	34,885,500
Industrial)			(1,866,892	2,345,300
Public Lighting	1,328,567	1,980,183	2,414,191	2,787,900
Total	18,361,959	23,955,708	32,775,633	40,018,700

In Feb. and March 1950 figures were 40,605,000 and 43,316,400 cub. ft. respectively.

HONGKONG FISHERIES STATISTICS FOR 1949

Item	On Shore Marine Operation	Off-Shore Surface	Off-Shore Bottom	Mullet & Carp	Oyster
Area (Hectares)	—	—	—	150	6,200
Men Engaged	31,600	2,290	22,108	300	2,000
Number of Boats by Type:					
Trawlers	—	—	655	—	—
Mechanised Trawlers ..	—	—	20	—	—
Mechanised Long Liners	—	—	45	—	—
Big Long Liners	—	—	5	—	—
Middle & Small Long Liners	—	—	125	—	—
Pa Teng	—	70	—	—	—
Purse Seiners	1,371	—	—	—	—
Shrimp Trawlers	540	—	—	—	—
Hand Liners	1,254	—	—	—	—
Big Tail Junks	339	—	—	—	—
Ku Peng	103	—	—	—	—
Miscellaneous	83	—	—	—	—
Number of Units of Gear by Type:					
Trawl Nets	—	—	2,025	—	—
Dragnets	6,078	—	—	—	—
Purse Seine Nets	5,004	140	—	—	—
Gill Nets	37,620	3,090	—	—	—
Lines	12,540	—	125,000	—	—
Hooks	1,254,000	—	2,004,000	—	—
Lures	—	700	—	—	—
Pressure Lamps	5,484	280	—	—	—
Fry (Numbers)	—	—	—	1,800,000	—
Production: (Metric tons of wet fish landed)	12,444	1,778	21,334	300	12,000

Note:—Production figures in the above table do not include fresh water fish imported. The tonnage of dried fish marketed is converted above into wet equivalent

156,879 spindles in operation and produced in that month 3,352,940 lbs. of yarn. The February output was 3,035,996 lbs.

Mining Production: During the first 3 months of this year only iron ore was mined here and output amounted to 11,835 tons in Jan., 11,458 t. in Feb. and 10,912 t. in March, totaling 34,205 t. for the first quarter. In 1949 iron ore production aggregated 59,181 tons (the highest output having been reached in Nov. with 6876 t., the lowest in Feb. with 710 t., when mining started). From Nov. 1947 to Dec. 1948 the total ore production was 908,238 tons. Other mining production in the New Territories during 1949 totaled 900 tons of wolfram ore (mining suspended as from last May), 800 lbs. of tin ore (only mined in August), and 584 lbs. of tin slabs (only mined in Sept. through Nov.). There has been previously some clay (kaolin) production—from Nov. 1946 to Dec. 1948 a total of 12,304 tons—but in 1949 and this year mining has been suspended.

Fluid Milk Production: The local dairies produced the following quantities of milk (in gallons) during the months of Feb. through April 1950: 65,701; 74,588 and 72,599. Monthly averages in 1947—1949 were as follows: 32,544 gals, 42,987 gals and 63,076 gals.

Abattoir: In April the slaughter-houses of Hongkong dealt with 44,669 heads of cattle (2581), swine (41,800) and sheep and goats (288). In Feb. and March slaughterhouse figures were 45,063 and 37,186 respectively. Averages per month in the years 1947—1949 were 41,249; 49,272 and 48,091 respectively.

EXPORTS OF HONGKONG MANUFACTURED COMMODITIES

	Monthly Average, 1949	January, 1950
Preserved Ginger Preserves (excl. ginger)	844,488	196,711
Soy	492,577	90,717
Boots and Shoes (Canvas and Rubber)	269,127	107,797
Electric Torches and Flashlight Batteries	1,284,500	3,604,709
Rattan Furniture	3,419,088	2,276,150
Rope	341,386	639,260
Trunks & Suitcases	115,479	102,439
Lamps & Lamp-ware	333,078	311,583
Hats and Caps (Foreign)	251,084	221,690
Umbrellas	238,566	308,665
	403,818	337,348
	February, 1950	March 1950
Preserved Ginger Preserves (excl. ginger)	1,002,811	424,185
Soy	387,775	1,048,513
Boots and Shoes (Canvas and Rubber)	75,026	107,945
Electric Torches and Flashlight Batteries	2,778,904	4,007,067
Rattan Furniture	1,928,799	1,798,651
Rope	483,482	363,990
Trunks & Suitcases	274,606	291,053
Lamps & Lamp-ware	198,893	336,387
Hats and Caps (Foreign)	164,966	231,633
Umbrellas	229,018	316,342
	241,451	438,729

new construction progressed with the usual speed observed here since early 1947. There are signs and posters all over town indicating new and often very ambitious building projects and real estate agents and architects as well as construction companies can report on the steady progress of building construction.

PLANS RECEIVED AND PLANS APPROVED BY THE HONGKONG BUILDING ORDINANCE OFFICE

Note:—The following statistics relating to plans of buildings received and approved by the Building Ordinance Office of the Public Works Department afford some indication of the trend in intention to build or to renovate existing buildings. Owing to the fact, however, that building lots frequently change hands, and new plans may be submitted for approval for the new owners in the place of those already approved, the present figures do not afford a precise indication of actual progress of building.

	Monthly Average, 1948	Monthly Average, 1949	February, 1950
Plans Received:			
European type houses	43	38	12
Chinese type houses	93	62	42
Factories	4	3	3
Godowns	5	2	3
Temporary Sheds ..	4	4	2
Houses for Repairs & Rehabilitation ..	30	18	6
Houses for Alterations & Additions ..	212	241	406
Site Formation	4	6	8
Churches	—	1	—
Hotels	—	1	—
Schools .....	.5	1	—
Kiosk .....	.5	—	—
Nissen Huts	2	1	3
Houses for Demolition	2	5	3
Theatres	—	1	—
Film Studio	—	1	—
Total Plans Received	402	384	488

Hongkong Building Construction

Building construction in Hongkong is proceeding apace. During the first four months of this year, according to the statistics compiled by the Commissioner of Rating and Valuation, 342 new buildings were erected at a total cost of \$41.2 million (of which \$39½ m. for buildings, and \$1.7 m. for site work). Buildings on Hongkong island accounted for \$19.2 m. and in Kowloon and New Kowloon for \$22 m. of total expenditure undertaken by private interests with smaller funds also expended by Govt. The monthly average this year is about 85 new buildings and cost approximates \$10.3 m.

During the period January through April this year 33 new factories were constructed costing (incl. site work) \$5.6 m., 4 offices and shops were built costing \$3.4 m., 244 new houses and flats were built at a cost of \$21.0 m. and 61 other buildings were constructed costing \$11.2 m.

The Building Ordinance Office reports monthly a large number of building plans as received and approved. As will be seen from the following figures the monthly average of all plans received in 1949 was 384 while in Feb. the number was 488; in March and

April the number of plans received was respectively 629 and 567. The figure for plans approved for 1949, average month, was 734; in Feb. this year the figure was 612, in March and April respectively 764 and 645.

During the years 1948 and 1949 the Public Works Dept. of Govt received a total of 9432 plans and approved a total of 17,304. To judge by the figures of plans received by Govt there should have been new construction, during 1948-1949, of 972 European type houses, 1860 Chinese type houses, 84 factories, 84 warehouses, 12 Churches, 12 hotels, 18 schools, 12 theatres.

After the war Hongkong has witnessed a colossal building boom. Many new districts on the island and mainland have sprung up and old quarters of the city have often changed their character entirely due to the erection of new houses, with attendant building of new roads. Very large funds have been invested in the development of the city and the suburbs as well as in the building of new factories in the rural New Territories. Whenever it appeared that a saturation point was reached new waves of immigrants from China made previous predictions untrue and

Plans Approved:

	45	43	44
European type houses	77	70	79
Chinese type houses	3	2	—
Factories .....	.6	1	—
Schools	2	—	—
Office Buildings ..	8	9	4
Temporary Sheds ..	3	.6	6
Site formation	20	24	7
Houses for Repairs & Rehabilitation ..	533	560	453
Houses for Alterations & Additions ..	3	6	4
Godowns	2	2	4
Garages	—	1	—
Churches	—	1	—
Houses for Demolition	3	7	6
Service Station	—	—	2
Advertising Hoarding	—	1	—
Kiosk	—	—	—
Block comprising 500 working class flats	—	1	—
War Memorial Centre	—	—	1
Salvation Army Headquarters	—	—	1
Staff Quarters	—	—	1
Total Plans Approved	708	734	612

Note:—Averages of less than .5 omitted from above table.

COST OF NEW BUILDING WORK IN HONGKONG

(1) Completed in the City of Victoria, January to March, 1950.

	Factories and Godowns			Office and Shops			House and Flats			Other (including mixed accommodation)			Total		
	No.	Building	Site Works	No.	Building	Site Work	No.	Building	Site Work	No.	Building	Site Work	No.	Building	Site Work
Building under \$50,000	1	10,000	2,000	1	46,580	1,000	29	877,072	24,910	7	104,253	13,100	28	1,037,905	41,010
" \$ 50,000—\$ 99,999	2	155,996	3,725	—	—	—	16	1,071,859	8,500	—	—	—	18	1,227,855	12,225
" \$100,000—\$199,999	—	—	—	—	—	—	1	148,344	—	2	300,000	15,000	3	448,344	15,000
" \$200,000—\$299,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$300,000—\$499,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$500,000—\$999,999	—	—	—	—	—	—	1	966,716	9,680	1	547,200	74,500	2	1,413,916	84,180
" \$1,000,000 & over	—	—	—	—	—	—	1	1,136,700	103,000	—	—	—	1	1,136,700	103,000
Totals	3	165,996	5,725	1	46,580	1,000	48	4,100,691	146,090	10	951,453	102,600	62	5,264,720	255,415

(2) Completed in the City of Victoria, April, 1950

Building under \$50,000	—	—	—	—	—	—	8	251,520	4,000	1	2,500	660	9	254,020	4,660
" \$ 50,000—\$ 99,999	—	—	—	—	—	—	1	60,000	—	—	—	—	1	60,000	—
" \$100,000—\$199,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$200,000—\$299,999	—	—	—	—	—	—	2	435,000	44,000	—	—	—	2	435,000	44,000
" \$300,000—\$499,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$500,000—\$999,999	1	590,780	99,873	—	—	—	—	—	—	—	—	—	1	590,780	99,873
" \$1,000,000 & over	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Totals	1	590,780	99,873	—	—	—	11	746,520	48,000	1	2,500	660	13	1,339,800	148,533

(3) Completed in Hongkong Island outside City of Victoria, January to March, 1950

Building under \$50,000	2	35,500	758	—	—	—	9	221,578	20,000	5	62,322	—	16	319,400	20,758
" \$ 50,000—\$ 99,999	1	51,000	—	—	—	—	14	1,081,251	79,000	—	—	—	15	1,132,251	79,000
" \$100,000—\$199,999	1	127,358	—	—	—	—	16	2,675,664	236,152	—	—	—	17	2,803,022	236,152
" \$200,000—\$299,999	—	—	—	—	—	—	1	246,960	—	—	—	—	1	246,960	—
" \$300,000—\$499,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$500,000—\$999,999	—	—	—	—	—	—	—	—	—	1	563,000	—	1	563,000	—
" \$1,000,000 & over	—	—	—	—	—	—	1	1,483,000	35,100	—	—	—	1	1,483,000	35,100
Totals	4	213,858	758	—	—	—	41	5,708,453	370,252	6	625,322	—	51	6,547,633	371,010

(4) Completed in Hongkong Island outside City of Victoria, April, 1950

Building under \$50,000	1	15,000	500	—	—	—	2	67,000	18,500	2	26,700	—	5	108,700	19,000
" \$ 50,000—\$ 99,999	—	—	—	—	—	—	1	59,000	26,000	2	153,017	2,500	3	212,017	28,500
" \$100,000—\$199,999	—	—	—	—	—	—	3	402,040	54,480	—	—	—	3	402,040	54,480
" \$200,000—\$299,999	—	—	—	—	—	—	2	520,820	53,397	—	—	—	2	520,820	53,397
" \$300,000—\$499,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$500,000—\$999,999	—	—	—	—	—	—	1	601,461	36,533	—	—	—	1	601,461	36,533
" \$1,000,000 & over	—	—	—	1	1,500,000	—	—	—	—	1	1,600,000	—	2	3,100,000	—
Totals	1	15,000	500	1	1,500,000	—	9	1,650,421	188,910	5	1,779,717	2,500	16	4,945,138	191,910

(5) Completed in Kowloon and New Kowloon, January to March, 1950

Building under \$50,000	7	185,693	3,400	—	—	—	55	1,725,147	59,975	12	272,052	11,386	74	2,182,892	74,761
" \$ 50,000—\$ 99,999	2	163,079	—	—	—	—	28	1,764,500	64,310	2	142,000	17,433	32	2,069,579	81,743
" \$100,000—\$199,999	3	401,163	8,893	—	—	—	12	1,516,000	108,660	12	1,520,493	868	27	3,437,856	118,421
" \$200,000—\$299,999	2	536,092	12,002	—	—	—	2	431,309	96,551	—	—	—	4	967,401	108,553
" \$300,000—\$499,999	1	313,000	—	—	—	—	1	353,248	—	—	—	—	2	1,118,199	222,920
" \$500,000—\$999,999	2	1,118,199	222,920	—	—	—	—	—	—	—	—	—	2	646,248	—
" \$1,000,000 & over	1	1,032,203	48,412	—	—	—	—	—	—	1	1,094,000	—	2	2,126,203	48,412
Totals	18	3,749,429	295,627	—	—	—	98	5,770,204	329,496	27	3,028,545	29,687	143	12,548,178	654,810

(6) Completed in Kowloon and New Kowloon, April, 1950

Building under \$50,000	5	51,000	10,500	—	—	—	27	882,307	11,245	1	17,500	1,844	33	950,807	23,589
" \$ 50,000—\$ 99,999	—	—	1	53,750	—	—	6	363,860	46,367	—	—	—	7	417,610	46,367
" \$100,000—\$199,999	—	—	—	—	—	—	4	593,410	35,000	—	—	—	4	593,410	35,000
" \$200,000—\$299,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$300,000—\$499,999	1	400,000	750	—	—	—	—	—	—	—	—	—	1	400,000	750
" \$500,000—\$999,999	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" \$1,000,000 & over	—	—	—	1	1,794,772	17,530	—	—	—	2	4,707,000	—	3	6,501,772	17,530
Totals	6	451,000	11,250	2	1,848,522	17,530	37	1,839,577	92,612	3	4,724,500	1,844	48	8,863,599	123,236

Hongkong Industrial Report

Factory Registrations

For the period January/May 1950 registrations of factories and workshops recorded by the HK Dept. of Labour amounted to 1086; of these, 314 were on the Island and 772 in Kowloon and the New Territories; 358 applications were under consideration, 157 being on the Island and 201 in Kowloon and the N.T.

During May, 52 applications for registration were received (12 HK and 40 K. & N.T.), 10 registration certificates were cancelled (4 and 6), 8 applications were refused (3 and 5) including 2 on the Island and 5 in Kowloon for which no formal application was received, and 36 registration certificates were issued (15 and 21).

Details of factories and workshops recorded and registered in May are given below, together with the number of workers employed:—

	M	F	Total
6 Weaving (Cotton) ...	62	76	138
10 Printing	134	—	134
2 Engineering	129	—	129
3 Garments & Shirts ...	48	73	121
7 Laundries	106	4	104
2 Peanut Oil	100	—	100
1 Cassia Sorting	7	70	77
3 Metalwares	28	20	48
2 Dyeing	42	—	42
1 Building Materials ..	21	20	41
1 Vacuum Flasks	36	4	40
1 Bean Curd	20	5	25
1 Shoes	22	1	23
2 Sawmills	15	—	15
1 Furniture	10	—	10
1 Paper Boxes	7	3	10
1 Tea (packing)	7	—	7
1 Aerated Water	4	—	4
46	792	276	1068

The names of 4 registered factories were changed in May, i.e., 2 knitting, 1 metalware and 1 chemical. Factories and workshops closed in May amounted to 8, i.e., 1 iron works, 2 electroplating, 2 camphorwood boxes, 1 rubber, 1 cans and 1 confectionery.

The total number of applications received during the Jan./May 1950 period, amounted to 245 (57 and 158), 62 registrations were cancelled (24 and 38), 24 applications were refused (11 and 13), including 10 premises (5 and 5) for which no formal application for registration was made, and 157 registration certificates were issued (54 and 103).

Industrial Accidents

During May 62 cases of injuries and industrial accidents were recorded involving 68 persons (1 fatal), of which 50 (1 fatal) were in registered factories and workshops. The causes were: machinery 18 (16 in registered factories), of which 1 case concerned a lift maintenance mechanic slightly injured whilst repairing a motor and 2 were railway employees (Govt. servants) hurt by a moving turntable; falls 11 (1 fatal), of which 7 (1 fatal, blown into a dry dock by a sudden release of compressed air) were in registered factories; falling objects 19 (15 in registered factories); burns 4 (3); scales 2 (2); explosions 1 (none); other causes 13 (7).

Hongkong Communications & Transport

HONGKONG RAILWAY

Kowloon-Canton Railway (British Section)

Goods and Passenger Statistics

	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	February 1950	March 1950
	Nos.	Nos.	Nos.	Nos.	Nos.
Passengers: Local					
Upward	39,281	52,803	138,826	249,019	273,368
Downward	32,139	50,257	131,291	246,000	311,261
Military Tickets ..	—	—	—	8,748	10,889
Passengers: Foreign					
Upward	84,841	107,097	63,348	—	—
Downward	73,454	96,811	62,492	—	—
Goods: Local					
	Kgs.	Kgs.	Kgs.	Kgs.	Kgs.
Upward	86,840	71,807	1,692,651	11,443,300	13,231,910
Downward	281,832	148,850	687,928	2,951,240	5,793,990
Goods: Foreign					
Upward	10,295,666	4,648,692	826,862	—	—
Downward	351,000	2,591,672	399,157	—	—
Revenue: Passengers					
	H.K.\$	H.K.\$	H.K.\$	H.K.\$	H.K.\$
Local	65,982.58	89,392.19	239,622.12	551,674.27*	658,160.58†
Foreign	328,458.98	407,840.84	259,641.58	—	—
Goods:					
Local	3,592.30	1,907.86	25,031.73	97,007.65	104,377.60
Foreign	64,250.97	26,270.16	6,361.74	—	—
Miscellaneous Receipts	61,593.21	53,314.14	63,896.13	70,456.58	60,795.51

Note:—Through traffic was suspended on 15th October, 1949.

* Includes \$8,818 (Military Tickets). † Includes \$10,801.85 (Military Tickets).

HONGKONG AIRPORT

Arrivals and Departures of Aircraft, Passengers and Freight at Kai Tak

	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	March 1950	April 1950
Aircraft:					
Arrivals	229	596	1,062	256	238
Departures	228	594	1,057	250	239
Total	457	1,190	2,119	506	477
Passengers:					
Arrivals	3,634	9,592	13,244	3,290	2,669
Departures	3,179	9,382	13,312	3,819	3,952
Total	6,813	18,974	26,556	7,109	6,621
Freight:					
Imports (KGS)	26,769	42,753	237,685	43,941	30,860
Exports (KGS)	43,702	100,986	272,803	63,164	80,834
Total (KGS)	70,471	143,739	510,488	107,105	111,694

HONGKONG HARBOUR

Commercial Cargo Tonnages

	Ocean Going Vessels		River Steamers		Grand Total
	Dis- charged	Loaded	Dis- charged	Loaded	
	Tons	Tons	Tons	Tons	Tons
Monthly Average, 1947	187,552	71,047	7,483	7,369	237,451
Monthly Average, 1948	193,416	87,849	9,042	7,456	297,763
Monthly Average, 1949	272,418	128,034	8,291	10,404	419,147
March, 1950	331,242	216,248	7,754	14,155	569,399
April, 1950	342,507	176,001	9,876	7,037	535,421

PASSENGERS ENTERING AND LEAVING HONGKONG

		ARRIVALS				DEPARTURES				DIFFERENCE	
		By Sea (Including Junks & Launches)	By Rail	By Air	Total	By Sea (Including Junks & Launches)	By Rail	By Air	Total	In	Out
Monthly	Average,										
1947	.....	51,890	73,545	3,634	129,069	49,826	84,841	3,179	137,846	—	8,778
Monthly	Average,										
1948	.....	62,562	96,811	9,592	168,965	64,676	107,097	9,382	181,155	—	12,189
January,	1949	65,638	81,112	9,940	156,690	76,045	102,981	11,913	190,939	—	34,249
February,	"	65,103	106,466	10,651	182,220	70,208	83,414	10,146	163,768	18,452	—
March,	"	77,904	91,480	8,998	178,382	81,503	90,076	11,023	182,602	—	4,220
April,	"	73,508	108,546	13,996	196,050	80,768	116,625	14,031	211,424	—	15,374
May,	"	90,313	77,033	21,380	188,726	75,798	78,443	19,193	173,434	15,292	—
June,	"	73,389	54,579	17,062	145,030	76,428	60,323	18,630	155,381	—	10,351
July,	"	58,695*	62,719	16,412	137,826	69,026*	71,987	17,365	158,378	—	20,552
August,	"	75,817*	75,542	21,796	173,155	82,192*	71,238	19,225	172,655	500	—
September,	"	81,547*	56,790	14,898	153,235	93,933*	57,966	15,584	167,483	—	14,248
October,	"	63,993*	35,640	13,346	112,979	61,967*	27,120	13,177	102,264	10,715	—
November,	"	46,213*	—	5,220	51,433	43,333*	—	5,169	48,502	2,931	—
December,	"	57,213*	—	5,231	62,444	57,491*	—	4,292	61,783	661	—
Monthly	Average,										
1949	.....	69,111*	62,492	13,244	144,847	72,391*	63,348	13,312	149,051	—	4,204
January,	1950	57,439*	—	3,151	60,590	59,131*	—	4,012	63,143	—	2,553
February,	"	44,350*	—	2,604	46,954	54,052*	—	2,934	56,986	—	10,032
March,	"	73,158*	—	3,290	76,448	68,496*	—	3,819	72,315	4,133	—
April,	"	83,872	—	2,669	86,541	71,795	—	3,952	75,747	10,794	—

* Excluding transit passengers

Note:—Kowloon-Canton Railway through traffic was suspended on the 15th October, 1949.

Hongkong Shipping Report for May 1950

Ocean Steamers

		Arrivals			Departures			APRIL		
		Ocean Steamers			Ocean Steamers			1948	1949	1950
Flag		No. Tonnage	Cargo	Passengers	No. Tonnage	Cargo	Passengers			
British	148	323,232	141,253	3,114	145	329,674	75,035	4,371		
American	29	154,161	17,559	345	29	154,161	9,728	401		
Chinese	20	19,096	22,906	3	14	9,826	2,837	—		
Danish	18	59,698	13,569	145	17	54,067	4,420	80		
Dutch	15	64,019	25,218	318	11	50,730	16,740	801		
French	3	22,195	565	69	4	23,848	1,400	210		
Greek	3	11,911	4,422	—	2	8,776	—	—		
Hondurian	1	4,395	350	—	1	4,395	350	—		
Norwegian	40	88,694	44,887	218	40	89,167	25,289	1,495		
Panamanian	40	109,984	82,010	4	36	88,732	33,619	3		
Philippine	9	14,391	3,624	14	10	14,616	3,350	25		
Portuguese	3	1,733	1,166	16	3	1,733	1,736	—		
Swedish	6	19,587	2,012	1	7	22,972	2,242	17		
U. S. S. R.	1	1,236	2,393	—	2	2,855	2,500	—		
Total										
Foreign	188	571,080	220,681	1,133	176	525,878	104,211	3,032		
Total	336	894,312	361,934	4,247	321	855,552	179,246	7,403		

River Steamers

Flag	Departures				Arrivals			
	No.	River	Steamers	Passengers	No.	River	Steamers	Passengers
		Tonnage	Cargo			Tonnage	Cargo	
British	205	158,582	9,126	35,281	201	155,553	7,953	37,091
Chinese	155	92,925	3,310	21,887	153	91,073	2,692	23,400
Portuguese	3	891	431	—	3	891	21	—
Total								
Foreign	158	92,816	3,741	21,887	156	91,694	2,713	23,400
Total	363	252,397	12,876	57,168	357	247,517	10,666	60,491

HONGKONG VEHICULAR TRAFFIC

April Figures of Licensed Vehicles,
Drivers, etc.

Vehicles:	1948	1949	1950
Trams	97	102	105
Motor Cycles	622	819	991
Private Cars	4701	6546	8434
Taxis	337	344	344
Public Hire Cars	298	289	289
Motor Buses	175	273	352
Lorries & Vans	2406	2675	3043
Rickshaws (Private)	110	93	91
" (Public)	853	853	853
Tricycles (Goods)	617	764	816
Chairs	—	27	27
Hand Trucks	3	3	3
Trailers	2	4	10
Drivers:			
Motor Drivers' Licenses*	16678	22007	26989
Learners' Licenses*	19499	49605	84857
Driving Tests*	10929	24987	41610
Public & Private			
Rickshaw Drivers	2012	3730	3911
Tricycles	958		
Hand Truck	14	14	14

* The figures in the above table are cumulative totals for each month since the re-occupation of the Colony. To obtain the total in respect of any one month the figure in respect of previous month should therefore be deducted from the figure in respect of that month.

HONGKONG COMMERCIAL CARGO

For January-May, 1950.

1950	Ocean Vessels		River Vessels	
	Discharged	Loaded	Discharged	Loaded
January	443,678	145,863	8783	14,652
February	282,001	123,112	6,912	9,175
March	331,242	216,248	7,754	14,155
April	342,507	176,001	9,876	7,037
May	361,934	179,246	12,876	10,666
Jan./May	1,761,362	840,470	46,101	55,685

Total ocean cargo Jan./May 1950: 2,601,832 tons; total river cargo: 101,786 tons; grand total: 2,703,618 tons.

Monthly averages for 1947, 1948 and 1949:

		1947	1948	1949
Ocean cargo	in	187,522	193,416	272,417
" "	out	71,047	87,849	136,367
River cargo	in	7,493	9,042	8,291
" "	out	1,369	7,546	10,441
Grand total	.. .. .	273,451	297,763	427,576

Highest and lowest cargo figures for 1949 and 1948 (in tons):

		1949	1948
Highest discharged	.. .. .	377,034 in Dec.	241,574 in March
" loaded	.. .. .	158,697 in Sept.	122,684 in Dec.
Lowest discharged	.. .. .	179,805 in Feb.	138,922 in Nov.
" loaded	.. .. .	76,461 in Feb.	57,988 in Oct.

HONGKONG JUNKS & LAUNCHES IN MAY 1950

Foreign Trade conducted by Junks & Launches of 60 registered tons & under

JUNKS

	No. of Vessels		Reg. Tonnage of Vessels		Dead Weight Tonnage of Cargo		No. of Passengers	
	Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
	608	649	62,611	69,728	18,294	11,880	251	185
Total Jan./May 1950:	2,354	2,628	269,985	251,393	57,890	70,042	1,052	1,292

LAUNCHES

	66	74	1,988	2,331	330	407	—	—
Total Jan./May 1950:	226	239	6,819	7,400	1,452	3,239	40	7

Total Vessels entered & cleared Jan./May 1950: 5,347 of 535,597 N.R. Tons.
Total Cargo discharged Jan./May 1950: 132,623 D.W. Tons.

Local Trade conducted by Junks & Launches of 60 registered tons & under

JUNKS

	No. of Vessels		Reg. Tonnage of Vessels		Dead Weight Tonnage of Cargo		No. of Passengers	
	Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
	1,108	1,027	42,003	39,307	12,203	7,625	268	357
Total Jan./May 1950:	4,824	4,778	179,425	175,545	56,729	32,033	359	464

LAUNCHES

	402	407	11,579	11,627	414	393	30,729	31,144
Total Jan./May 1950:	1,593	1,610	45,011	45,641	3,448	2,034	127,700	120,009

Total Vessels entered & cleared Jan./May 1950: 364,572 N.R. Tons.
Total Cargo discharged Jan./May 1950: 94,244 D.W. Tons.

Hongkong Imports & Exports by Air

VALUE OF EXPORTS OF AIR FREIGHT.

Countries	Monthly Average Monthly Average				March, 1950				April, 1950			
	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value
United Kingdom ..	35	4,353	27	20,921	107	38,202	139	16,777	139	16,777	139	16,777
Australia	25	2,043	102	11,991	106	11,766	23	5,065	23	5,065	23	5,065
Canada	23	4,455	120	13,816	13	2,623	54	5,702	54	5,702	54	5,702
Ceylon	38	5,607	18	322	—	—	—	—	—	—	—	—
East Africa	42	8	683	—	—	—	—	—	—	—	—	—
India	—	—	1,172	65,916	3,171	140,675	1,258	37,217	1,258	37,217	1,258	37,217
Pakistan	—	—	1,225	1,944	73,721	31,825	2,912	2,559,848	2,912	2,559,848	2,912	2,559,848
Malaya (British) ..	42	13,980	1,280	1,062,556	2,922	2,983,830	2,912	2,559,848	2,912	2,559,848	2,912	2,559,848
New Zealand	210	148,071	—	644	—	—	—	—	—	—	—	—
North Borneo	1	75	—	3,307	1	75	13	1,132	13	1,132	13	1,132
South Africa	1	1,323	45	14,468	23	7,973	24	7,561	24	7,561	24	7,561
West Africa	18	2,780	22	2,069	38	7,350	1	870	1	870	1	870
West Indies	11	975	15	1,199	109	6,520	1	250	1	250	1	250
British Commonwealth of Nations, other ..	100	6,766	46	6,212	—	—	—	—	—	—	—	—
Austria	—	—	—	13	—	—	—	—	—	—	—	—
Belgium	39	7,864	12	2,335	7	976	5	1,360	5	1,360	5	1,360
Burma	65	4,271	3,453	85,510	1,702	29,807	1,948	54,253	1,948	54,253	1,948	54,253
Central America ..	37	6,091	70	12,133	160	42,749	18	1,267	18	1,267	18	1,267
China, North	2,566	32,732	44,969	3,859,573	—	—	—	—	—	—	—	—
China, Middle	1,424	21,111	6,574	919,117	11,612	384,120	11,905	464,183	11,905	464,183	11,905	464,183
South	24,525	323,077	67,747	7,273,187	1,997	21,443	11,634	195,794	11,634	195,794	11,634	195,794
Czechoslovakia	—	—	151	—	—	—	—	—	—	—	—	—
Denmark	2	29	4	615	151	30,744	151	30,744	151	30,744	151	30,744
Egypt	70	4,925	71	7,692	112	7,520	153	7,959	153	7,959	153	7,959
France	8	2,216	22	14,966	87	3,067	11	278	11	278	11	278
French Indochina ..	382	7,764	824	14,725	491	7,600	2,041	23,882	2,041	23,882	2,041	23,882
Germany	12	92	3	382	47	5,150	12	3,052	12	3,052	12	3,052
Holland	4	13,982	7	25,908	114	19,056	1	13	1	13	1	13
Iran	—	—	2	136	—	—	—	—	—	—	—	—
Iraq	4	309	—	—	—	—	—	—	—	—	—	—
Italy	3	148	3	259	—	—	—	—	—	—	—	—
Japan	50	4,947	439	59,599	1,209	234,150	1,494	227,506	1,494	227,506	1,494	227,506
Korea (South)	—	—	14	23,475	165	23,572	86	60,889	86	60,889	86	60,889
Macao	—	—	1	53	—	—	—	—	—	—	—	—
Norway	3	421	7	583	5	1,150	3	170	3	170	3	170
Philippines	2,861	23,129	1,243	18,617	2,050	18,238	3,244	30,922	3,244	30,922	3,244	30,922
Portugal	—	—	6	1,069	—	—	—	—	—	—	—	—
Portuguese E. Africa ..	—	—	1	31	—	—	—	—	—	—	—	—
South America	23	3,221	73	10,224	145	16,077	111	22,068	111	22,068	111	22,068
Sweden	—	—	1	109	4	300	—	—	—	—	—	—
Switzerland	115	19,508	18	4,894	275	18,713	10	849	10	849	10	849
Thailand	5,744	296,337	3,156	180,228	4,235	190,414	6,249	224,309	6,249	224,309	6,249	224,309
Turkey	13	725	1	221	—	—	—	—	—	—	—	—
U. S. A.	2,131	279,964	1,904	391,768	1,710	289,295	1,900	435,240	1,900	435,240	1,900	435,240
U. S. of Indonesia ..	15	2,050	39	8,164	52	14,985	1	100	1	100	1	100
All other countries ..	32	1,228	35	37,510	316	24,414	350	22,515	350	22,515	350	22,515
Total	40,611	1,246,960	135,855	14,031,049	33,345	4,592,654	46,545	4,497,867	46,545	4,497,867	46,545	4,497,867
Total British Commonwealth of Nations ..	503	191,705	4,800	1,277,845	6,689	3,209,114	5,062	2,671,507	5,062	2,671,507	5,062	2,671,507
Total Foreign ..	40,108	1,055,255	131,055	12,753,204	26,646	1,393,540	41,483	1,826,360	41,483	1,826,360	41,483	1,826,360

Figures for the 1948 and 1949 monthly averages and March and April imports & exports will be found below in the tables. Air imports in January 1950 totalled 14,475 kgs, valued at \$6,658,172, and exports 35,150 kgs, valued \$4,385,174. Air imports in February totalled 9,173 kgs, valued \$6,315,567, and exports 24,226 kgs, valued \$5,760,933.

VALUE OF IMPORTS OF AIR FREIGHT.

Countries	Monthly Average Monthly Average				March, 1950				April, 1950			
	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value	Quant- ity	Value
United Kingdom ..	882	215,272	1,381	400,263	1,024	163,075	921	89,465	921	89,465	921	89,465
Australia	17	709	51	5,162	372	7,457	543	9,079	543	9,079	543	9,079
Canada	61	46,058	259	245,395	554	280,347	747	707,595	747	707,595	747	707,595
Ceylon	43	19,181	2	2,032	—	—	—	—	—	—	—	—
East Africa	—	—	2	212	—	—	—	—	—	—	—	—
India	—	—	26	22,331	21	17,000	41	33,240	41	33,240	41	33,240
Pakistan	1	142	5	19,636	374	81,790	96	57,003	96	57,003	96	57,003
Malaya (British) ..	152	17,017	127	19,636	—	—	—	—	—	—	—	—
New Zealand	32	16,712	—	—	—	—	—	—	—	—	—	—
South Africa	1	103,314	—	—	—	—	—	—	—	—	—	—
West Africa	1	301	—	—	—	—	—	—	—	—	—	—
West Indies	4	—	—	—	—	—	—	—	—	—	—	—
British Commonwealth of Nations, other ..	—	—	—	—	—	—	—	—	—	—	—	—
Austria	—	—	30	103,090	72	5,000	63	5,000	63	5,000	63	5,000
Belgium	5	57,847	12	75	—	—	—	—	—	—	—	—
Burma	7	473	26,749	386,966	—	—	—	—	—	—	—	—
Central America ..	—	—	10	1,524	13	791	28	600	28	600	28	600
China, North	4,024	37,731	98,251	560,764	—	—	—	—	—	—	—	—
China, Middle	—	—	—	—	—	—	—	—	—	—	—	—
South	—	—	—	—	—	—	—	—	—	—	—	—
Czechoslovakia	16	2,422	8	765	17	1,425	33	388	33	388	33	388
Denmark	7	266	5	300	—	—	—	—	—	—	—	—
Egypt	61	12,388	107	107,110	45	13,572	10	8,364	10	8,364	10	8,364
France	8	374	294	6,028	7	300	—	—	—	—	—	—
French Indochina ..	136	43,842	423	79,158	939	242,635	469	119,535	469	119,535	469	119,535
Germany	7	17,695	10	8,133	5	188	3	38	3	38	3	38
Holland	12	2,460	98	9,480	74	10,409	2	1,080	2	1,080	2	1,080
Italy	6	895	194	5,216	1,218	23,424	5	1,080	5	1,080	5	1,080
Japan	—	—	—	—	—	—	—	—	—	—	—	—
Korea (South)	176	6,341	6	1,876	—	—	—	—	—	—	—	—
Norway	3,965	120,654	10,544	952,295	498	17,140	171	5,192	171	5,192	171	5,192
Philippines	10	1,363	1	278	5	1,042	—	—	—	—	—	—
South America	—	—	10	2,604	—	—	—	—	—	—	—	—
Spain	4	689	72	21,635	—	—	—	—	—	—	—	—
Sweden	2,426	2,157,283	4,306	3,886,090	3,966	4,692,660	2,825	14,992	2,825	14,992	2,825	14,992
Switzerland	76	22,321	1,190	43,928	109	3,183	—	—	—	—	—	—
Thailand	10,638	2,698,658	8,032	4,103,514	4,061	1,563,020	2,330	1,076,917	2,330	1,076,917	2,330	1,076,917
U. S. A.	—	—	3	222	—	—	—	—	—	—	—	—
U. S. of Indonesia ..	—	—	3	7,554	—	—	—	—	—	—	—	—
All other countries ..	—	—	—	—	—	—	—	—	—	—	—	—
Total	22,794	5,601,897	152,284	11,340,932	13,389	7,144,868	8,357	5,438,406	8,357	5,438,406	8,357	5,438,406
Total British Commonwealth of Nations ..	1,193	414,106	1,941	1,070,145	2,345	550,269	2,099	898,257	2,099	898,257	2,099	898,257
Total Foreign ..	21,601	5,187,791	150,343	10,270,787	11,044	6,594,599	6,258	4,540,149	6,258	4,540,149	6,258	4,540,149

Hongkong's Imports and Exports for 1949

Cigarette Paper, Tinned Plates, Galvd. Plates & Sheets, Glass, Lime

CIGARETTE PAPER

Hongkong's trade in Cigarette Paper during 1949 came to 115,179 piculs amounting in value to \$29,483,079; imports amounted to 62,731 piculs at \$14,795,352 and exports to 52,448 piculs at \$14,687,727, or an excess of imports of 10,283 piculs valued at \$107,625.

Nearly 75% of the imports, or 46,327 piculs valued at \$11 million, came from the USA, the United Kingdom and France coming second and third with 7324 piculs at \$1.6 m. and 5822 piculs at \$1.5 m. respectively.

Almost 42% of the exports, or 21,907 piculs to the value of \$5.6 m. went to North China; with 12,742 piculs at \$3.8 m. and 5529 piculs at \$1.7 m. going to South China and Macao.

Cigarette Paper

	Imports			
	Piculs	\$	Piculs	\$
U. S. A.	46,327	11,045,065		
United Kingdom	7,324	1,599,109		
France	5,822	1,510,199		
Japan	1,867	276,925		
Austria	510	122,469		
South Korea	323	69,930		
Spain	140	32,000		
Macao	135	37,860		
Malaya	126	44,000		
Norway	75	14,620		
Philippines	49	32,000		
Central China	33	10,575		
Total	62,731	14,795,352		

	Exports			
	Piculs	\$	Piculs	\$
North China	21,907	5,582,225		
South China	12,742	3,851,044		
Macao	5,529	1,718,855		
Indonesia	3,046	879,356		
Central China	2,842	664,822		
South Korea	2,047	628,982		
Australia	1,714	517,877		
North Korea	1,696	564,873		
Malaya	822	253,180		
North Borneo	52	13,831		
Philippines	36	7,666		
France	12	4,158		
Thailand	3	858		
Total	52,448	14,687,727		

	Monthly Imports		Monthly Imports & Exports	
	Piculs	\$	Piculs	\$
Jan.	1,224	250,716	3,959	1,293,342
Feb.	4,055	953,508	9,783	3,096,262
Mar.	6,713	1,707,401	5,027	1,435,062
Apr.	8,995	2,214,729	1,927	571,736
May	18,096	4,519,867	2,161	543,740
June	7,364	1,264,177	3,190	855,893
July	1,861	463,075	2,878	843,120
Aug.	1,673	415,430	4,310	1,193,004
Sept.	2,815	739,522	3,222	807,106
Oct.	4,034	922,037	5,185	1,038,451
Nov.	1,929	424,613	5,862	1,530,343
Dec.	3,972	920,277	4,944	1,479,668
Total	62,731	14,795,352	52,448	14,687,727

TINNED PLATES (TINNED SHEETS)

Hongkong's trade in Tinned Plates in 1949 amounted to 317,386 piculs valued at \$16,241,044; imports amounted to 255,772 piculs at \$12,221,208 and exports to 61,614 piculs at \$4,019,836, or an import excess of 194,158 piculs valued at \$8,201,372.

The USA supplied 90% of the imports with 235,591 piculs at \$10.9 million; 17,478 piculs at \$1.2 m. came from the United Kingdom, while 1,680 piculs at \$68,224 is shown as coming from North China; this item, however, was actually a cargo despatched to North China which had to be returned on account of the blockade.

Tinned Plates (Tinned Sheets)

	Imports			
	Piculs	\$	Piculs	\$
U. S. A.	235,591	10,901,177		
United Kingdom	17,478	1,181,248		
North China	1,680	68,224		
Italy	793	47,559		
Malaya	230	23,000		
Total	255,772	12,221,208		

	Exports			
	Piculs	\$	Piculs	\$
North China	23,773	1,558,567		
Central China	10,662	704,063		
South China	9,800	638,380		
Thailand	6,989	497,019		
Macao	4,152	214,724		
North Korea	3,771	227,340		
South Korea	2,387	163,943		
Malaya	80	15,800		
Total	61,614	4,019,836		

	Monthly Imports		Monthly Imports & Exports	
	Piculs	\$	Piculs	\$
Jan.	9,930	417,185	9,779	50,706
Feb.	14,498	626,261	5,492	382,979
Mar.	31,760	1,847,797	4,456	346,735
Apr.	14,514	773,946	1,593	115,952
May	20,580	1,034,300	11,103	690,546
June	8,114	424,883	2,363	159,922
July	15,369	646,664	4,540	310,656
Aug.	17,420	724,396	5,191	343,210
Sept.	29,492	1,600,520	7,705	504,933
Oct.	27,771	1,190,899	5,908	334,136
Nov.	38,682	1,615,880	5,953	351,257
Dec.	27,622	1,318,477	6,641	428,804
Total	255,772	12,221,208	61,614	4,019,836

PLATES & SHEETS (GALVD.)

Imports and exports of Plates and Sheets, zinc coated (galvanised) or lead coated, during 1949 reached a total of 139,906 piculs valued at \$11,502,083. Imports were 63,403 piculs amounting to \$4,691,068 and exports 76,503 piculs valued at \$6,811,015, an excess of exports of 13,100 piculs at \$2,119,947.

Up to 41% of the imports came from Great Britain, or 26,094 piculs valued at \$1.6 million, Japan coming next with 16,512 piculs at \$1.1 m. and Belgium third with 12,390 piculs at \$1.3 m. Of the exports, 67% or 51,825 piculs valued at \$4.6 m. went to North China.

Zinc Coated (Galvd.) or Lead Coated Plates & Sheets

	Imports			
	Piculs	\$	Piculs	\$
United Kingdom	26,094	1,618,039		
Japan	16,512	1,110,420		
Belgium	12,390	1,332,692		
Malaya	4,904	462,530		
U. S. A.	3,259	142,687		
Italy	165	17,000		
India	62	5,850		
Macao	17	1,650		
Total	63,403	4,691,068		

	Exports			
	Piculs	\$	Piculs	\$
North China	51,825	4,632,043		
South Korea	6,356	563,240		
Macao	6,265	577,354		
South China	5,030	410,699		
Central China	3,676	324,060		
Thailand	1,574	177,489		
Philippines	840	45,672		
North Korea	705	56,390		
Indochina	208	21,968		
North Borneo	24	2,100		
Total	76,503	6,811,015		

	Monthly Imports		Monthly Imports & Exports	
	Piculs	\$	Piculs	\$
Jan.	45	3,600	1,463	130,668
Feb.	2,270	156,137	2,010	180,478
Mar.	575	43,212	1,794	204,370
April	3,989	246,676	1,557	168,701
May	5,700	321,848	2,170	190,264
June	4,351	268,696	3,135	252,487
July	3,298	213,151	6,714	503,337
Aug.	4,198	238,117	5,497	469,725
Sept.	2,710	186,175	22,991	1,720,630
Oct.	6,197	471,583	8,169	770,362
Nov.	11,466	907,919	9,492	966,159
Dec.	18,604	1,633,954	11,511	1,253,834
Total	63,403	4,691,068	76,503	6,811,015

PLATE & SHEET GLASS

Hongkong's trade in Plate and Sheet Glass (unworked) during 1949 reached 30,984,969 sq. ft. valued at \$11,717,297. Imports were 14,725,074 sq. ft. to the value of \$6 million and exports 16,259,895 sq. ft. amounting to \$5.6 m., or an export excess of 1,534,821 sq. ft. valued at \$395,065.

Japan supplied the largest quantity imported, or 5,227,600 sq. ft. valued at \$1.2 m., France came next with 4,331,486 sq. ft. at \$1.5 m., Czechoslovakia third with 1,766,277 sq. ft. at \$794,489 and Great Britain fourth with 1,653,991 sq. ft. at \$1.6 m.

Exports from Hongkong went to South Korea, 4,010,429 sq. ft. valued at \$1.2 m., while Macao and South China took respectively 3,843,975 sq. ft. valued at \$1.6 m. and 3,557,230 sq. ft. at \$1.1 m.

Plate & Sheet Glass (unworked)

	Imports			
	sq. Ft.	\$	sq. Ft.	\$
Japan	5,227,600	1,227,009		
France	4,331,486	1,467,143		
Czechoslovakia	1,766,277	794,489		
United Kingdom	1,653,991	1,624,289		
Belgium	834,237	682,932		
Poland	602,400	155,175		
Sweden	212,000	59,579		
U. S. A.	85,700	19,732		
Malaya	9,783	22,930		
Macao	1,000	400		
Indochina	600	1,500		
Total	14,725,074	6,056,181		

	Exports			
	sq. Ft.	\$	sq. Ft.	\$
South Korea	4,010,429	1,196,764		
Macao	3,843,975	1,587,680		
South China	3,557,230	1,108,218		
Central China	2,474,320	792,970		
North China	840,000	304,623		
North Korea	634,226	327,150		
Indonesia	362,424	137,033		
Australia	264,588	98,970		
Malaya	114,500	31,670		
North Borneo	65,603	24,526		
Thailand	52,800	29,340		
Norway	21,500	5,962		
Burma	6,000	2,000		
Br. Emp., other	5,200	6,210		
Philippines	4,500	3,700		
New Zealand	2,600	1,300		
Total	16,259,895	5,661,116		

exporters for .99 fine gold (on top of .945 fine gold price) ranged from \$12.50—13.60 per tael. Imports last week aggregated 7300 taels (from Taiwan 3100, from Shanghai 2800, from Canton 1500).

Macao has been obtaining larger supplies from Taiwan where illicit exporters offered at US\$36 per oz., delivered at Macao. Stocks in Macao were growing but regular exports to Goa are taking off sufficient amounts so that the stock position does not exert a price depressing effect. The Goa export business is well controlled by a small group of well-connected Chinese financiers whose foreign contacts have earlier been cemented when import business was booming. Rich rewards are being reaped by the several persons who had luck and foresight to develop the gold trade, first with China and now with India, by utilising the two Portuguese colonies of Macao and Goa.

SILVER:—Prices of last week per .99 fine tael \$4.71—4.78, per dollar coin

\$2.94—3.05, per 20 c. coins \$2.30—2.35. Transactions totaled 112,000 taels. Imports: 18,000 taels. Chinese Govt supplies are expected which should further depress prices here. Exports to New York are hardly profitable and shipments to London, while more interesting, are not simple to arrange.

US\$:—Last week's highest & lowest rates per US\$100 in HK\$—notes 604¼ — 593½, drafts 607¼ — 595 (private cheques sell at a small discount), TT 609½—596¾ (or US\$16.406—16.757 per HK\$100, against authorised banks' selling of 17-7/16 and buying 17½%).

Local crosses, at the 1/3d. parity, US\$2.625 — 2.681, which were 4¼ — 6¼% below the London/New York parity of 2.80. Local free market rates were above the official banks' selling rate (HK\$573.4767) 4 to 6¼%.

Sales in the native exchange market: TT US\$320,000, drafts 280,000, notes 210,000.

In tune with strengthening of unofficial sterling rates abroad (in some

centres crosses of 2.70—2.75) local rates continued to drop. Hongkong has been for many months now a larger seller than buyer of funds in New York and without overseas intervention (e.g. arbitrage transactions, buying of US\$ by Chinese in Far Eastern countries) and erratic buying forays by Shanghai immigrants, the local free market rate should have been lower than it actually was. Further weak US\$ rates are expected and only a slight margin of free over official rates should rule.

BANK NOTE RATES:—British pound \$15.25—15.30, Australia 11.88—12.25, Canada 5.34—5.37, India 1.03¼—1.07½, Ceylon .97—1, Burma .79—1.80½, Malaya 1.81—1.82. Nica guilders (per 100) 2.20—2.30, Java bank guilders 1, Thailand baht 26½—27.

Macao pataca 1.02—1.04½ (in Macao about HK\$0.96 per 1 pataca). The end of the 'squeeze' on HK\$ has finally come and Macao is again, after the gold import interlude of 1947 to middle 1949, back where it was.

PHILIPPINE PESO:—After the introduction of exchange control over the peso (with official US approval but against protests of business interests in Manila and abroad) the financial situation in the new Republic has worsened. Lack of confidence in the Govt's ability and integrity have been expressed; the internal rebellion is progressing and the Huks are consolidating their hold and gaining increasing popular support; the imbalance of the Philippines' foreign trade and international payments has become obvious and correction of this situation is deemed possible only with more generous assistance from the US. There is at present widespread economic defeatism in Manila though the Govt does not admit it as it strives against a growing opposition, strangely composed of leading business interests, native and foreign, and the communist-led peasant and proletarian uprising.

Devaluation of the peso, on the Manila black market and overseas free markets, is now a fact. Sooner or later the Malacanan will have to take notice of this development. Present black market rates in Manila are 2.80 pesos per US\$1 (35.70 USc. per peso against official New York/Manila parity of 50 USc.); gold (officially at 70 pesos per oz, in accordance with US\$35 US Treasury price) sells at 96½ to 97½ pesos but this price, at current black exchange market rates, equals only US\$ 34.60, i.e. below official price and also below free market gold prices in other Far Eastern centres.

In Hongkong the official (banks' selling) price for TT Manila is 34½ pesos per HK\$100 (2.89855 HK\$ per peso) but the free market quotes TT and DD around HK\$2.20—2.25, i.e. at a discount of 22½ to 24% (while in Manila the discount is now 28½%). Philippine bank notes quoted last week only HK\$2.16 to 2.22.

An unofficial TT Manila market has been created here, in line with Manila's own black market, since several months and varying amounts are weekly transacted. The trend is for growing volume and lower rates for the peso. Last week's sales totaled over half million pesos. The market is patronised by traders and few financiers. Business is conducted among merchants and also a few native banks (mainly Dao Hang, Wing Loong, Hang Sang, Wing Tai).

INDOCHINA PIASTRE:—The contest for power in Indochina is moving towards a crisis but in spite of the aggravation of the situation in the potentially very rich country the finances of the French sponsored states of Vietnam, Cambodia and Laos are sound as a result of the French taxpayers' ample support of the economy of Indochina. France, as it were, has underwritten the currency of Indochina (the piastre) and at considerable sacrifice is maintaining a rate of 17 francs per piastre which greatly benefits Indochina and native and foreign residents in that country. A revision of this unrealistic rate has often been rumored and demanded by French business interests but in view of the political crisis prevailing in Indochina no readjustment of the rate has been

effected. A rate of 12 or even 9 frs per piastre would appear to be justified even taking into consideration the higher cost of living in Saigon (but by no means in the rest of the country) compared with Paris.

The piastre is, subject to Indochina Exchange Control permission, transferable to Paris; bona fide residents obtain permission freely and many merchants and others regularly transfer at the official rate their piastre balances into franc accounts — while the going is good. In recent months the franc has shown great strength in international free markets and has now come to practically par with the official rate (Paris quoting officially 349.90 frs. per US\$ while the free market, called parallel market, is now selling US\$ at 350). The eventual free market appreciation of the franc has long ago been predicted by financial operators the world over and the accumulation of

funds in Paris was considered good investment policy. Operators using Hongkong's free exchange market have tried (some with success and others without) in the past to buy piastres here at the free market rate, get them to a Saigon resident account and then effect remittance to Paris at the 17 frs to 1 piastre rate. This movement continues today but the Control in Saigon is not easy to beat.

Officially piastres are quoted here (banks' selling) at 3.58 per HK\$1; on the free market the rate moved between 8 to 8½ piastres (bank notes last week sold on the forward market from HK\$12 to 12.65 per 100 piastres). The official selling rate for TT Paris is 60.70 frs per HK\$1. By acquiring piastres at the free rate, sending them, via Saigon, to Paris one could obtain per HK\$ 1 an amount of 136 francs i.e. 124% more than by remitting through authorised banks.

The outlook for the free rate of piastre is not unfavorable; US support has already commenced coming into Saigon and the national uprising, lead by the Vietnam communist party (now fashioned in a sort of People's Front, called Viet Minh), is being energetically met by the French and their own version of Vietnam independence, the name of ex-emperor Bao Dai being associated with this movement. As long as the piastre (which continues to be issued by the Banque de l'Indochine with headoffice in Paris) is linked to the franc and the present parity is not lowered, the free market value should actually appreciate over the current level. There is a very wide gap between the official and the free market rate—about 55%.

JAPAN EXCHANGE:—The progress of all-round economy of Japan has had its telling effect on the position of the yen which is now quoted on Tokyo's black market and international free markets at a small discount only against the official New York/Tokyo parity of 360 yen to the US\$. Stability of Japan's finances is reflected in the confidence of the business community, in Japan and abroad, in the value of the yen. Its previously rumored devaluation (following sterling devaluation last Sept. 19) has had some adverse effect on the yen in free markets but since the view of SCAP and the Japanese Govt has become known, which opposes any change in the present yen rate, the subsequent appreciation of the yen was a matter of course. Today, with anticipation of free convertibility of yen to be a matter of a few months after signing of the peace treaty with Japan and with the yen's return to the international exchange market, there is much interest in this currency aroused in world centres of finance. The holding of yen funds

would appear now to be prudent financial policy. In the whole Far East where foreign exchange restrictions with more or less severity are enforced, with Hongkong making the notable exception, and where inflationary pressures have caused the free market depreciation of all currencies, the yen emerges, like the rest of the Japanese economy, as stable and worthy of national and international confidence.

Official rates in Japan, as fixed by the Foreign Exchange Control Commission, are at present as follows (in yen per US\$ and sterling):—Commission's TT selling 360.35 per dollar, 1008.98 per sterling; buying 359.65 and 1007.02; buying drafts 359.15 and 1004.91. Authorised banks' TT and DD selling 361.05 per dollar, 1010.23 per sterling; buying import bills 361.55 and 1012.34, buying TT 358.95 and 1005.77, buying DD 358.45 and 1003.66.

In Hongkong no official rate on Japan has been established (business is still done under the control of the local Dept. of Supplies & Distribution with all trade accounts settled in US\$ in the two-way account maintained in Tokyo). The Hongkong/Japan parity should be 62½ yen per HK\$ (on the basis of 1000 yen per sterling). The present free market rate is 65¼ yen, only about 5% above the official parity. (Hongkong native banks quote per 10,000 yen, the rate previously being HK\$130, then 140 and last week 152). The US\$/yen crossrate is now 375 yen (about 4¼% above the official rate of 360 yen to the US\$).

In Tokyo and Osaka the US\$ fetched several months ago 490 yen, about 2 months ago 430 and now has slipped under the 400 yen mark, thus being less than 10% higher on the black than on the official market. While there was an active black market in Japan and the yen's rate unstable, transactions be-

tween Tokyo and Hongkong (as well as other Far Eastern centres) were frequent and speculation in arbitrage netted often handsome gains (usually Hongkong quoting yen lower, in terms of US\$, than was the black market rate for US\$ in Tokyo).

Gold is now neglected in Japan as free markets everywhere have moved more in line with the official US price. The gold and silver prices as fixed by the Japanese Price Board are as follows (as from March 1, this year):—gold per gram, buying 401 yen, selling 405; silver per kilogram, buying 7834 yen, selling 7912. (Previous official prices were, for gold 385 yen, for silver 7388). The official Japanese prices are based on the US\$ 35 per oz price of the US Treasury. Trading is done in mommes, that is 3¼ grams. The black market is now inactive and prices range from 4 to 6% above the official rate.

CHINESE EXCHANGE:—Stable financial conditions continue in China. Official rates are, by & large, unchanged for many months now. US\$ and HK\$ are quoted at PB\$37,500 and 6100 respectively. Black markets quote same or even lower prices. Cost of living is gradually coming down, commodities are getting cheaper all over the country. The parity deposit unit, being a good barometer of general commodity prices, is dropping and has now reached the figure of 5300. This compares with over 7000 earlier this year. In terms of foreign exchange life in China has become very cheap; one HK\$ is now buying more than 1.15 parity units while some time ago it bought only 0.95 units.

Rates established by the local native exchange market for transfers from and to China of last week:—Shanghai, gold 82¼—86, US\$96½—97; Canton, HK\$ 99.10—99.40; Taiwan, gold 71—

COMMERCIAL MARKETS

Approaching Attack on Taiwan?

The suggestion that plans for an attack on Taiwan may be approaching completion gains credence, in the minds of many merchants, as a result of purchases made by Communist interests in Hongkong of motors of 5 and 10 h.p. for installation in the landing barges that are being built for the purpose mentioned and of which the Communists now possess a good number.

Whether a landing will be attempted this month or later cannot of course be known, but the recent appearance of a "mild" typhoon off the coast of Taiwan and the uncertain weather existing at this time of year make it conjectural whether a large-scale amphibious operation with the small ships available can be successfully undertaken yet. The Communist navy, such

as it is, has hitherto only been employed in attacks upon Hainan and small islands off the coast of China. Taiwan with its distance from the mainland and defended by a channel known for its tricky winds and currents, is another proposition.

Meanwhile trade between Communist China and Nationalist Taiwan goes steadily on. Beans and beancake, groundnuts, and other commodities from North China are purchased in Hongkong and despatched to Taiwan, while Communist trading agencies in the Colony obtain various goods produced in Taiwan, for consumption in China. Thereby Hongkong continues to prove its value as a common trading ground for all.

Taiwan Tea Trade

During April, exports of tea from Taiwan totalled 184,983 kgs. Black tea amounted to 116,481 kgs., going principally to Hongkong, Central and South America, the USA and Great Britain; Paochung tea totalled 18,624 kgs., despatched mainly to Hongkong and Singapore; Green tea came to 12,550 kgs., sent chiefly to Hongkong and Africa; other kinds of tea totalled 37,328 kgs., exported mainly to Hongkong, Egypt, Thailand and Singapore.

Tea exports in April were mainly from 1949 stocks, but the May shipments will be composed of newly processed crops. More green tea than black has been produced this year.

Loans released by the Bank of Taiwan to the various tea processing plants amount to T\$2.8 million as against a total of T\$7 million earmarked for this purpose in 1950.

HONGKONG COMMODITY MARKETS

(HK\$1 equals 1/3d or US 17½ cents; 1 picul equals 133.3 lbs.)

Cotton Piece Goods & Cotton Yarn

The market in Cotton Piece Goods was almost stagnant during the week, very few transactions taking place: in Grey Sheetting, Dragon Head fell to \$39.50 while Flower & Bird 38" as well as Japanese 2023 rose to 38; in white cloth, Hsun Liang Yu (Lady on Horseback) fell to \$42 and Three Peaches (Japan) to \$47.50 per piece.

Prices of Indian Cotton Yarn continued to improve with Thai buyers in the market and support from local knitting mills. On the other hand, large supplies of Shanghai and Tsingtao cotton yarn have been diverted to Hongkong from Canton, preventing much improvement: in 10 counts, Camel was quoted at \$800 per bale and Gold Peak at \$820. Dawn Mills rose to \$680 and Gokak Mills to \$690 per bale; in 20's, Cockatoo fell to \$835 per bale, Edward Textiles to \$790, Flying Peacock to \$805, Phoenix to \$835, Golden Peak to \$1155, Lucky Star to \$1135, Pine & Bamboo to \$1130 and Red Rose to \$1145, while increases took place in Cannanore Mills and Crown Mills to \$840, Coimbatore Mills to \$920, Colaba Mills and Jayashankar Mills to \$795, Sree Meenakshi Mills to \$830 and Tug of War to \$850 per bale.

Metals

A few transactions took place in Galv'd. Mild Steel Sheets, with demands from North China. The indent price of the Japanese thin quality has been reduced to \$5.80 per sheet c.i.f. for 3' x 7' G30, as against the former indent price of \$6.10; the spot price for this specification remained firm at \$6.80 per sheet, the Belgian make being quoted at \$6.60, while 3' x 6' (Japan) fell to \$5.40 per sheet. The thick quality G24 sold at 45 cents per lb. and G26 rose to 58 cents per lb., with low stocks, whereas G28 was offered at 56 cents.

Zinc Sheets showed considerable activity with demands from local factories: Polish G6 advanced to \$125 per picul, G5 was offered at \$130, and G4 rose to \$130, G7 was offered at \$116 and G8 at \$118 per picul. Both British and Japanese Rolled Brass Sheets showed a downward tendency, due mainly to a lack of demand from local factories as well as from China and increasing stocks: British 12" 5 oz. and 6 oz. fell to \$240 per picul, and 9 oz. dropped to \$175, although 12 oz. rose to \$185 per picul; Japanese 8" G5 and G6 were offered at \$230 per picul and G9 and G10 fell to \$170 per picul.

North China buyers were in the market for Wire Rods, the price of 1st quality 3/16" and 3/32" rising to \$24.50 per picul, while ¼" stood at \$23.50 per picul; French 2nd quality was dull, 3/16" and 7/32" standing at \$19 per picul and ¼" to ¾" being offered at \$18 per picul.

The Lead market was weak, with a falling tendency: Pig Lead 99% was quoted at between \$85 and \$86 per picul and Australian standard quality was offered at \$87 per picul; Pig Lead Bars, compound, fell to \$78 per picul and mixed Lead Ingots to \$27, while Printing Lead dropped to \$87 per picul, Java compound improved to \$66 with low stocks. Communist agents were in the market for USA Copper Ingots but low stocks made it impossible to fill any large orders: T brand 99.75% rose to \$210 per picul and ordinary quality 97% to \$180 per picul. Lack of demand from Great Britain, the USA and India caused the price of Kwangsi Copper Ingots (melted from copper coins) to remain at \$102 per picul.

Cement

The spot price of Japanese Cement saw a drop during the week to \$4.90 per bag of 100 lbs. due to the anxiety of holders to release their stocks in view of plentiful arrivals, at the close the price rose to \$5 per picul, stimulated by demands from Macao buyers; the forward c.i.f. price fell to \$88 per ton, ex-ship was quoted at \$97 per ton. Indochina Dragon brand was offered at \$5.70 per 1 cwt. bag and the 94 lb. bag at \$5, the ex-godown price being \$4.90. Following the prevailing trend, Danish Bate brand white cement fell to \$13.40 per 1 cwt. bag, the c.i.f. price standing at \$240 per ton. Polish 1 cwt. bags rose to \$4.90. Green Island Emerald brand being in demand rose to \$6.70 per 112 lb. bag (official price \$6.25), the 94 lb. bag was quoted at the usual price of \$5.35; Emeralcrete rapid

Buyers Seek Hongkong Stocks

The Hongkong Stock Market remained very firm throughout last week and considerable buying strength was developed at the close. The more favourable view taken of the situation in North China caused a jump in the prices of Shanghai Docks and Ewo Cottons. The volume of business at \$772,462 was double the average for the past month.

Stocks	High \$	Low \$	Sales
H.K. Govt. Loan 4%	98	—	—
Hongkong Bank	1250	—	13
Bank of East Asia	101	—	35
Union Insurance	560	542½	290
China Underwriters	3	—	3,000
Asia Navigation	67½	67½	8,500
Union Waterboats	18	—	605
Hongkong Docks	14	—	1,000
China Providents	9.30	9.30	1,500
Wheelock Marden	21	—	754
H.K. & S. Hotels	8.10	—	3,754
Shanghai Lands	1.20	1.20	4,500
Hongkong Lands	37	—	666
Trans	11	10.90	9,500
Star Ferry	69	68	100
Lights, old (x.d)	9.80	9.60	1,400
" new " "	6.80	—	700
Electrics	21	20¾	3,788
Telephones	11½	—	100
Cements	10.80	—	2,020
Dairy Farm	13	12¾	700
Watson	23½	23¼	3,450
Land Crawford	22	—	800
Sinceres	2.20	—	100
Kwong Sang Hong	80	—	35
Vibro Piling	11½	—	200
Ewo	3.10	3.10	17,200

75, US\$90-93 (per 100 in China). Bank notes of the People's Bank quoted HK\$1.64 per 10,000, in line with official rate.

The People's Bank raised the buying price of silver dollar coins from 4000 to 8000, and of gold, per oz from PB\$ 1 million to 1.05 m. The black bullion market in China is quoting gold and silver at approx. same rates as the official bank. The black market cross-rate for gold is about US\$28 (the lowest in the Far East indicating sales pressure by merchants and hoarders, partly a result of the severe taxation policy of the Chinese Govt.).

hardening cement (Green Island) in 112 lb. bags was offered at \$7.70 per bag (official price \$7.25), while Snowcrete British white cement stood at \$58 per drum of 375 lbs. nett (\$55). Snowcem cement paint (British) was offered at \$58 per steel drum of 112 lbs. nett ex-godown.

Paper

The successful voyage of two ships to and from Shanghai recently and the further trial runs now scheduled have given rise to hopes that the normal resumption of shipping schedules may shortly become a possibility. This pleasurable anticipation led to a firming up of prices on the local Paper market, as merchants refused to part with their stocks at lower rates in the hope of being able to dispose of them to Shanghai. During the week buyers from Thailand, where restrictions upon the importation of paper have been relaxed, were in the market as well as from the Philippines, Korea, Singapore and Indonesia. With active support, prices as a whole showed a tendency to increase: Bond paper, watermarked, 22" x 34" 26 lbs. rose to \$16.20 per ream, 32 lbs. white increased to \$19.50 and 32 lbs. coloured to \$22.50 per ream; the unwatermarked quality 26 lbs. rose to \$15.50 per ream, 32 lbs. white to \$18 per ream. Duplex Board 240 lbs. rose to 54 cents and 215 lbs. to 52 cents per lb., Coloured Flint paper 20 x 30 to \$42.50 per ream, Parchment 20 x 30" to \$13.40 per ream, Tissue paper 17 lbs. 30 x 40 to \$12.50 per ream and 13½ lbs. 25 x 44" to \$12.40 per ream. Strawboard, yellow, No. 8 25" x 33" (Holland) improved to \$315 per ton and No. 8 (Taiwan) to \$320. M.G. Sulphite paper, showed the following increases: 40 lbs. 35 x 47 to \$20.30 per lb., 47 lbs. to \$23.50, 40 lbs. pure \$22.50, 47 lbs. red to \$25.50 and brown to \$23.50, 60-100 lbs. white to 49 cents.

Wheat Flour

Large-scale transactions on the part of buyers from North China and Taiwan, caused an increase in the price of Australian Wheat Flour, although buying slackened at the close with the anticipated arrivals of considerable shipments from Australia, in the hope that prices would fall. Canadian and US prices did not follow the upward trend but in the main showed a drop, as the prices ruling were already comparatively high and stocks are heavy. At the close, Australian AWB in 50-lb. bags had risen to \$15.20 per bag and Five Swallows to \$17.20; on the other hand Australian White Green fell to \$17.20 per 50-lb. bag, Pipe brand to \$15.80 and Cherry brand to \$15.50 per bag. US Five Swallows dropped to \$19.50 per 50-lb. bag, Grape to \$17.50, Lyre to \$16.40 and White Green to \$19.50. With the exception of Kwan To which rose to \$16 per 50-lb. bag, Canadian wheat flour fell, Saskania to \$17.40, and Coat of Armour and Double Cross each to \$17.60 per bag.

Economic Developments in Burma

The persistent trend of deterioration in Burma's economy was sharply accentuated during January, and by the end of the month had assumed serious-crisis proportions. Rice exports, which for the past few months have accounted for almost 80 per cent of Burma's total export trade, were at a virtual standstill. Total rice shipments during January amounted to 14,626 long tons as compared with 96,000 tons during the corresponding month of the preceding year; less than half of that quantity represented the current year's sales. Purchasing countries particularly the Commonwealth areas, refused to make any commitments until Burma agreed to a downward adjustment in its announced 1950 rice-price schedule. The new schedule which the State Agricultural Marketing Board published early

in December provided for an average price increase of £2 per long ton.

The loss of earnings from rice sales and the restriction on financial credits by local banking firms, particularly British and Indian, forced the State Agricultural Marketing Board to curtail its rice-purchasing program. Only 100,000 tons of the new rice crop were purchased during January, and large surpluses of rice accumulated in the field. Reports from the districts indicated that speculators were stepping into the breach and buying rice at prices considerably below the Government's established minimum.

The announcement of the Burma-Japanese Trade Agreement for 1950 broke the stalemate in the sale of Burma's current rice crop. The Japanese reportedly agreed to furnish Burma with textiles, building materials, and machinery and equipment in exchange for 170,000 long tons of rice and smaller amounts of miscellaneous items, including rubber, teak, and minerals. Shortly thereafter Ceylon agreed to accept 90,000 tons of rice at Burma's increased price schedule as an advance against 300,000 tons which probably will be purchased during the year. In addition, an Indonesian delegation which arrived in Rangoon during February agreed to purchase 12,000 tons. Shipments began almost immediately after the conclusion of these agreements and relieved, to some extent, the financial pressure under which the State Agriculture Marketing Board had been operating during the first 6 weeks of the year. The rice-purchasing program was resumed, and the banks liberalized loans to rice millers to finance the trade. The State Agricultural Marketing Board anticipates that shipments during March probably will total 120,000 tons. Because of the earlier impasse in negotiations, Burma had shipped only 59,000 tons of rice and rice products during the first 2 months of the year, as compared with 263,317 tons during the like period in 1949.

Industrial Outlook

The country's productive capacity is still severely impaired, and there has been no improvement in the basic conditions of the economic situation. In fact, the economy has been so dislocated that conditions are expected to become more serious before there is any real improvement. The Fourth Forecast of the 1949-50 Rice Crop, which is the principal commodity on which the entire Burmese economy hinges, estimated that the crop for the year would total only 3,987,100 tons of paddy, which is 190,600 tons less than the final production figure for last year. The sown area destroyed is 52,400 acres greater than had been estimated in the Third Forecast, and the exportable surplus is now estimated at 820,000 tons of rice and rice products.

An official Government forecast also estimated that the sesamum acreage likely to mature would be at least 67,360

Vegetable Oils, Ores and Other China Produce

Steady arrivals of Vegetable Oils during the week, from North and South China, including a shipment of around 2000 tons by the s.s. "Mausang," the first ship to enter and leave Shanghai following the termination of the blockade, together with lack of demand have all combined to bring down prices further. Tungoil (Woodoll) fell to \$148 per picul and to \$146.50 for two weeks forward, but trading was dull owing to reluctance on the part of dealers to reduce their prices further in view of the high cost of fresh supplies. Teaseed Oil 4% acid fell heavily following a drop in the Canton price, transactions being effected at \$131 per picul and one-week forward at \$127.50; a month ago the spot price was \$147 per picul. Transactions in Aniseed Oil 15% were few, and despite a drop to \$630 per picul buyers showed little interest. Interest was also lacking in Cassia Oil, notwithstanding the arrival of supplies from Macao, and the price stood firm at \$1600 per picul. Cottonseed Oil, with a similar lack of interest, fell to \$102 per picul. Linseed Oil declined to \$108 per picul. Soyabean Oil was offered at \$90 per picul.

Little of interest occurred in regard to Cassia Lignea: the West River 84-catty packing fell to \$34.80 per picul, the 60-catty packing sold at \$32, and in bulk packing was offered at \$28 per picul with counteroffers at \$27; arrivals of Cassia Whole (Tunghing) brought about a drop in the price to \$75 per picul, but buyers were not attracted. Gallnut, with continuous supplies from North China, showed a fall in price, Luichow and Chungking 2nd qual. being offered at \$105 per picul and the Korean product at \$102. Ramie with few transactions fell further, the Szechuan product selling at \$168 per picul, although the West River fibre (long) stood at \$190 per picul. East River Rosin fell to \$29 per picul. Aniseed Star proved an exception to the otherwise general rule of falling prices by selling at \$90 per picul for the Nanning 1st qual., the Haiphong 1st qual. fetching \$87 per picul.

acres less than last year's acreage of 1,381,000. The out-turn is expected to be only 23,600 tons of seed—9,900 tons less than obtained during the 1948-49 growing season.

Other than rice production, Burma's major export industries have been virtually paralyzed. Except for a few small mills at Moulmein, most of Burma's sawmills are out of operation. Work on the forests, mines, and plantations has remained either entirely suspended or greatly reduced. The British-owned tin and wolfram mines in the Tavoy area, which were the principal sources of the small quantity of minerals still being extracted, are now in Communist hands and almost completely unproductive. The Bawdwin and Mawchi Mines have been on a care and maintenance basis.

The rehabilitation of the oil industry is at a complete standstill, and oil, once an important export, is imported. During January the Burmah Oil Co. announced its intention to release all employees for which there was no work, since, according to company spokesmen, the British Government had informed the company that it could no longer guarantee its financial operating losses, and there were not any prospects for the resumption of normal operations in the foreseeable future. Almost simultaneously the Nanttu Mine Workers Union, an affiliate of the Trade Union Congress of Burma, ordered a strike at the Nanttu Mines in protest against the Burma Corporation's personnel retrenchment program, which had actually begun in December.

Transportation

Several new sections of the Burma Railway were reopened during January and February, but the rail service was still wholly inadequate. Schedules were generally unreliable and service was only available over short hauls. There was widespread sabotage, and passengers and shippers were unwilling to accept the risk of using this form of transportation. The Sagaing-Myitkyina line, which had been reopened during January, was closed again in February because of repeated acts of sabotage. The Inland Water Transport system was able to operate in the delta only with the assistance of the full-time services of armed naval escorts. There has been no through traffic between Rangoon and Mandalay on the Irrawaddy since August 1948.

The Inland Water Transport Nationalization Commission, which had been appointed to decide the question of compensation to the Irrawaddy Flotilla Co., awarded the owners £309,173 as compared with their original claim of £1,451,731 and the Government of Burma's counter offer of £306,910. The Commission's award, however, failed to provide a final settlement. Both parties are planning to appeal the decision to the Supreme Court. The company considers the compensation wholly inadequate, and the Government of Burma considers the method of compensation, which provides for payment in pounds

Economic Developments in Indonesia

Although there were few new economic developments in Indonesia during February, merchants and traders continued to withhold stocks from the market in anticipation of more favorable foreign-trade regulations and possible devaluation. The cost of living and production costs continued at a high level. Although on Java a number of strikes were settled or discontinued pending negotiations, the labor situation continued far from satisfactory. As against 17 strikes and 6 labor disputes in January, there were 32 strikes and 17 labor disputes during February. Similarly, although strikes in various parts of Sumatra were relatively small and generally speedily settled, the railroad strike and several service strikes (gas and power) continued, and it was expected that larger strikes on the east-coast plantations were in the offing.

Prospects for economic reconstruction appeared to be brighter because of the \$100,000,000 credit granted by the Export and Import Bank. It is expected that this loan will be used for specific projects included in an over-all development and reconstruction program covering a period of about 5 years, at a cost of the equivalent of about 900,000,000 Indonesian guilders in foreign exchange. Included are plans for establishing textile, paper, cement, and power plants, building irrigation, drainage, and hydraulic works, and financing the settlement of thousands of Javanese in the fertile undeveloped

districts of South Sumatra. It is probable that a central Indonesian purchasing mission will be sent to the United States to supervise purchases under this loan, particularly those for Government projects.

During the month, the Indonesian Government trade mission in Europe concluded its first trade agreement with Sweden, to be effective March 1, 1950, pending ratification. Under the agreement, Indonesia will sell to Sweden tea, copra, rubber, tobacco, spices, cinchona bark, and kapok; Sweden will furnish machinery, ball bearings, and various consumers' goods.

On January 23, 1950, it was announced that the (former) customs services of the Negara republican state (Djogjakarta), as well as of other autonomous constitutional units, would be taken over by the Federal Government, thus lodging all authority in this regard with the Federal Bureau of Customs and Excise. All current regulations and tariffs of the (previous) provisional Federal Government are to remain in force. The lack of co-ordination with regard to customs and excise matters among the several states and autonomous units, particularly on the part of the Sumatran authorities, has been largely responsible for the extensive smuggling trade being carried on.

Agriculture

Light rains at the beginning of the westmonsoon season retarded the planting of rice on the irrigated fields, but

sterling or other convertible currency, impractical. Government spokesmen are intent upon paying the former owners in Burmese Government bonds.

Some Favorable Developments

There were a few favorable developments, in addition to the signing of the Burma-Japan Trade Agreement for 1950. During February the Commonwealth Loan of £6,000,000 to Burma was in an advanced stage of negotiation. The Burmese Government announced receipt of the terms of the loan on March 7, 1950.

The Government completed plans during February for the construction of a government-owned steel rolling plant designed to process 5,000 tons of scrap iron and steel annually. An American firm, which completed the initial survey, is now being requested to assist in arranging for the purchase of the necessary machinery and equipment (at an estimated cost of \$400,000) and hiring of supervisory and technical personnel. The Ministry of Industry and Mines estimated that there are more than 50,000 tons of scrap iron and steel, principally old war equipment, available for immediate processing; and, with the indefinite continuance of the current embargo on the export of iron and steel, sufficient quantities probably will be accumulated to keep the plant fully supplied for at least 15 years.

The Government Spinning and Weaving plant, the only new major postwar

industrial enterprise in Burma, completed its first test run during February. The installation of the plant equipment has proceeded satisfactorily. In fact, operations are well ahead of the schedule, and full-scale operations are now expected to begin some time in September.

Burma's trade deficit for December, released during January, amounted to more than 16,000,000 rupees (1 rupee = US\$0.21), the highest for 1949. Exports totaled only 16,769,000 rupees, with rice accounting for more than 14,000,000 rupees of the total; and imports, higher than at any time during the year except in August, were valued at more than 34,000,000 rupees. The most surprising feature of the 1949 trade picture, however, is that, despite all earlier pessimistic prediction, Burma had an over-all favorable balance of trade of more than 122,000,000 rupees.

The cost-of-living index for low-income groups continued to reflect the decline which began during 1949. The February index stood at 341 (1941=100), as compared with 347 in December, 373 in October, and 410 in September. The cost of living for the middle-income groups and the European population, on the other hand, showed little appreciable change. According to official information, the cost of living for this group is estimated to have increased by almost 10 percent since devaluation.

heavy rains in February accelerated planting activities. However, heavy rains caused considerable damage to the harvests of secondary crops, particularly of peanuts and corn.

Production of estate agricultural products during December was generally higher than during the two preceding months. Preliminary production figures for December (with January to December 1949 figures in parentheses) for major products were as follows, in metric tons: Rubber, 15,305 (170,641); tea (including native-grown tea), 3,099 (27,219); cinchona bark, 370 (6,499); coffee, 219 (10,633); palm oil, 11,277 (118,624); palm kernels, 3,025 (29,370); cacao, 48 (844); and hard fibers, 262 (2,493).

Minerals

Production of crude petroleum during December 1949 amounted to 3,959,851 barrels, and of refined products, 4,338,409 barrels. The 1949 annual totals for these products were 43,205,969 barrels and 47,531,148 barrels, respectively. December bauxite production was recorded at 37,077 tons, reaching an annual total of 678,138 tons; the corresponding figures for tin (in ore) were 2,292 and 29,430 tons, and for coal, 58,000 and 660,000 tons.

Wholesale Prices of Agricultural Export Products

During the 4-week period ended February 20, wholesale-price quotations underwent wide fluctuations, but for a number of commodities the trend continued upward, as indicated by the following prices, in guilders per 100 kilograms, as of February 20 (January 23 prices in parentheses): Rubber, 185 (143); black pepper, 3,500 (3,250); coffee Arabica I, 900 (875); coconut oil, 195 (175); citronella oil, 2,650 (1,750). Reduced prices were quoted for white pepper, Borneo, 6,000 (6,500); peanuts, 140 (150); tapioca, Buitenzorg AAA, 86.50 (105); cloves, 1,150 (1,175); and tea, average, BOP, 390 (400).

Cost of Living

The index of food prices, based on the freemarket prices of 19 domestic foodstuffs, indicates that the rise which had begun in the middle of July had been halted by the end of December in Djakarta, Bandung, and Palembang. Prices in Surabaya, however, which had been considerably below the Djakarta level in July 1949, continued upward during December and by the end of the month were on a level with Djakarta prices. With 1938=100, December indexes (with July and November indexes in parentheses) were as follows: Djakarta, 1,313 (1,148 and 1,417); Bandung, 1,248 (994 and 1,347); Surabaya, 1,316 (903 and 1,417); Palembang, 1,743 (1,717 and 1,743); and Macassar, 992 (1,011 and 973).

Foreign Trade

Preliminary data for 1949 show total imports amounting to 1,427,032,000 guilders, indicating a favorable balance of trade of 20,854,000 guilders. The latter figures compared with an unfavorable balance of 93,912,000 guilders

The Economic Situation in South Korea in March

Major developments in March included the Government's proposal to purchase 500,000 suk (1 suk=5,119 bushels) of summer grains and 4,500,000 suk of rice in accordance with the approved 1950 food program, a Presidential approval of a decree providing for the sale of vested property, and discussions between Korean and Japanese representatives concerning a new trade arrangement between the two countries.

Food and Agriculture

During March the relative stability of the open-market price of rice in the vicinity of 2,000 won per small mal (about 10 litres) was attributed largely to Government market-control sales in Seoul at 1,400 won per small mal, as well as in other southern Korean cities in which sales were initiated in March, and to general ration releases to more than 2,000,000 persons at 650 won per small mal. By the end of March approximately 154,580 suk of rice had been released in Seoul at the 1,400-won price since the initiation of market control operations on January 14.

In connection with Government procurement and distribution of grain, the approved Korea food program for 1950 contemplates Government purchases of 500,000 suk of polished summer grains and 4,500,000 suk of polished rice. These planned purchases are in contrast to those of 1949 when purchase goals were 700,000 suk for summer grains and 3,500,000 suk for rice. It is planned to export 2,000,000 suk (285,000 metric tons) of this rice and to use the remainder of the proposed grain purchases for rationing, market operations, and reserves. It also is proposed that payment for purchases will be made with a combination of cash, cotton cloth, and nontransferable treasury bonds, the bonds to be negotiable in meeting obligations of the farmers to Government agencies and convertible in cash at the expiration of a specified time period. Estimates place the total cost of the program at about 93,000,000,000 won, a substantial part of which could be met by the proceeds of Government resales of grain.

for trade during 1948. However, excluding imports and exports of petroleum products (which are not subject to the Indonesian foreign-exchange regulations), 1949 trade showed an unfavorable balance of 278,653,000 guilders, a figure almost identical to the deficit of 275,068,000 incurred during 1948.

Finance

The Java Bank reports that its advances to the Government increased by more than 203,000,000 guilders from 1,525,400,000 guilders on January 18, 1950, to 1,728,750,000 guilders on February 20. The amount of money in circulation increased during the same period by 76,336,000 guilders, from 1,918,221,000 to 1,994,557,000 guilders.

Mineral Production

Preliminary estimates indicate that the Republic's mineral production declined in February below January levels, chiefly as a result of a substantial drop in total coal production. An estimated 92,836 metric tons of anthracite and lignite were produced in February by the Government and private mines as compared with 106,141 tons in January. Other mineral production in January (February figures are not yet available) registered declines—tungsten concentrate (65 percent WO₃), from 111 metric tons in December to 65 tons in January; amorphous graphite, from 2,594 to 2,400 tons; and crystalline graphite, from 109 to 38 tons. Gold and silver production, on the other hand, increased to 28.7 and 6.88 kilograms of metal content, respectively, in January.

Electric Power and Industry

The generation of electric power in the month of March averaged 74,414 kilowatts, or slightly less than February's average of 76,116 kilowatts. Power generation in the oil plants dropped in March, but this decline was compensated for by an increase in the thermal production. It is reported that the prospects for early increases in electric-power production are dim and that further short-term declines appear likely. This view is supported by the anticipated exhaustion of the Yongwol thermal plant's coal stock pile by mid-April, which will necessitate another costly supplementary truck haul of coal. It is planned to finance the haul from the proceeds of the increase in the wholesale electric-power rate from 10 won to 15 won per kilowatt-hour effective April 1.

Manufacturing suffered a further decline in February, falling to an index of 190 from 198 in January (1947=100). The decline is attributed to the continued low level of electric-power production and shortages of raw cotton. Textile production in February was roughly the same as in January, with cotton-sheeting output falling slightly below January's level. Appreciable gains were made only in coke, clinker, salt, and lead-pencil production. With respect to the improvement of industrial production in southern Korea, there was established in March a Korean-American production committee to evolve measures for stimulating production. Progress made in this direction, however, will depend upon the implementation of the recommendations made by the committee.

In connection with the disposition of vested property, the President approved a decree providing for the sale of property by auction on a priority basis, and he has evidenced his unwillingness to sell units of industry to private operators if such operators require Government financing of the sale and operations. The Korean Government also announced in March its decision to nationalize 15 mines, 5 spinning mills, 1 hide-processing plant, and 1 tire-manufacturing plant, reflecting its program of industrial nationalization.

Finance

Major developments in the field of finance in the month of March included the National Assembly passage of the second, third, and fourth supplementary budgets totaling 30,800,000,000 won and an authorization to expend funds totaling 9,000,000,000 won originally contemplated in the first supplementary budget but which could not be made out of the Counterpart Fund because the budgetary deficit exceeded the total collections from sales of aid goods. Current estimates now place the deficit for the fiscal year 1949-50 at approximately 64,200,000,000 won or more than twice the deficit originally authorized. The Government's overdraft with the Bank of Korea on March 25 was 84,200,000,000 won, as compared with 85,269,000,000 won at the end of February.

For the fiscal year 1950-51 only a provisional budget for the month of April was passed, and the full budget will be considered when the National Assembly reconvenes on April 4. The outlook for the coming year includes a hoped-for budgetary balance of about 173,000,000,000 won, with new tax measures to support the estimated tax revenue of 42,000,000,000 won for the coming year as compared with collections of 10,000,000,000 won last year.

The seasonal currency decline continued throughout March, reaching 64,400,000,000 won on March 30 as compared with 68,900,000,000 won at the end of February. The price of rice in March, however, hit postwar highs of 1,970 and 2,070 won per small mal, in Seoul and Pusan, respectively, but remained relatively stable throughout the month. Of financial significance in the month of March was the submittal to the National Assembly of a draft on a central banking act based upon recommendations of United States Federal Reserve representatives and looking toward a sound reorganization of South Korea's banking system.

Foreign Trade

The Republic's total imports in the month of February were valued at \$9,328,568, of which 78.7 percent were financed with United States appropriated funds and consisted chiefly of fertilizers, petroleum, and iron and steel products, 11.9 percent were financed by the Korean Government and consisted entirely of coal and textile products, and 9.4 percent were procured on a private level, chiefly textile products and chemicals. Of the total imports, more than one-half were procured in the United States; nearly one-fourth in Japan; and China, Canada, Spain, Belgium, and the Philippines were other important suppliers.

Exports, on the other hand, were valued at \$2,540,887 and were nearly 92 percent on a private level and 8 percent on a Government level. Approximately 90.8 percent of private exports, principally dried cuttlefish, were destined for Hongkong. Government exports were made up primarily of metal-ore shipments to the United States. At the end of March, eight boats were being loaded with rice ship-

Economic Trends in South Korea

FOREIGN TRADE

Foreign Trade in January 1950: According to statistics of the Bureau of Customs, Ministry of Finance, the value of government and private trade imports in January this year, excluding US-financed imports totalled 813 million won, an excess of exports in the amount of 1,708 million won.

The Korean Government's restrictions on imports and inactivity of the Hongkong market appear to be the causes of the excess of private exports.

Following figures are the imports-exports amount by countries during the period, (in won)

	Private Imports	Private Exports
Hongkong	90,177,501	1,744,706,340
China	242,845,072	6,000,000
Japan	250,060,172	28,357,632
U. S. A.	52,978,660	7,833,600
United Kingdom ..	74,608,693	732,850,000
Norway	11,560,536	—
Sweden	8,765,290	—
Malaya	30,704,934	—
Others	50,831,012	1,330,000
Total	812,531,870	2,521,047,572

Export Program in 1950: To correct Korea's adverse balance of payment position, drastic measures are required to encourage exports. The Government's export program for this year, lately announced, anticipates a value of \$19,150,000 for Government trade, including rice exports, and \$18,300,960 for private trade, chiefly minerals and marine products. The plan is shown below:

Government		
Rice	100,000 M/T	\$16,000,000(1)
Tungsten	2,500	1,750,000
Others		1,400,000
		19,150,000
Private		
Agricultural ...	22,125 M/T	\$ 2,525,000
Minerals	240,050	4,231,000
Sea products	17,440	8,349,800
Others		3,195,160
		18,300,960

(1) Since export price of rice was decided at \$142 per metric ton, this figure will be reduced to \$14,200,000.

ments to Japan in accordance with the terms of the Korean rice-sales contract concluded on February 24, 1950. In this connection, it is reported that Japan has expressed its willingness to purchase 10,000 tons of rice in addition to its 100,000 tons contracted with Korea, also that the Korean Government decided in March to purchase 20,000 tons of barley and 10,000 tons of wheat in compensatory imports. Whether Korea can export this additional quantity of rice, however, appears questionable in view of its limited available supplies.

On March 27 discussions were initiated in Tokyo looking toward the consummation a Korea-Japan trade arrangement for the year beginning March 31, 1950, to replace the agreement expiring on that date. Provision has been made, however, for the extension of the previous arrangement until a new agreement is concluded.

New Import - Export Procedure Established: A new import-export procedure effective from February 6 this year, was announced by the Ministry of Commerce and Industry in Ministry order No. 46.

The core of the procedure is as follows:

1. An exports license is needed. In the case of commodities, however, which require the competent Minister's approval in accordance with laws and regulations, licenses are needed.

2. Import license shall be issued beforehand and ex-exports license system shall be abolished.

Needed documents for imports are:

a. a copy of imports license,
b. a certificate of foreign exchange holdings for imports, issued by Korean Foreign Exchange Bank, together with a warrant money deposit receipt and a custody certificate of warehouse. In the case of foreign exchange holdings domestically acquired, shall be approved by the Minister of Finance,

c. in the case of commodities that need the competent Minister's approval in accordance with laws and regulations, licenses are needed.

3. Imports value should be recorded cif and exports value fob.

Value difference that exceeds more than 10% of the standard price which is considered due by the Ministry of Commerce and Industry is not approved.

Present Condition of Export Industries Investigated: Bureau of Foreign Commerce, Ministry of Commerce and Industry, started on February 21 an investigation on the present condition of Korean export industries to establish export-promotion measures. This is one of the most urgent matters required for the recovery of Korean economy, and the investigation will last seventy-two days.

Subject: Sea products, minerals, agricultural products, livestock, arts products, and various processed products.

Object: Production statistics, production scheme, needed materials and quantity, financial situation, grade skilled, and possible products for export.

Development of Indochina Market Begun: Bureau of Foreign Trade, Ministry of Foreign Affairs, which had been inquiring into the possibilities of developing the Indochina market for Korean produce, reported the following:

Possible exports items: Ginseng and its extract, fish, trapang, and fishoil.

Possible imports items: Rice, coal, cross-ties, raw rubber, hides and skin, corn, coconut oil, and peanut oil.

Raw Cotton Supply Program in 1950: Raw cotton consumption program of the Ministry of Commerce and Industry for this year is estimated at 84,535,000 lbs. Of this amount ECA-financed imports are expected to total 42,768,000 lbs. and domestic production 7,800,000 lbs.

The rest, 33,966,800 lbs., is expected to be purchased through private trade.

Economic Reports from Manila

Manila Hemp

During the period March 16 to April 15, the markets ruled quiet and closed around the same level as a month ago. Due to poor business, cordage manufacturers in the United States confined their purchases to cover immediate requirements. A fair amount of business to Europe was done, with Germany and Holland in the market for coarse grades. France obtained new import permits and bought S2, S3, G and grades

below. SCAP was completely out of the market but is expected to resume buying shortly.

Local provincial prices remained steady throughout the period and closed at about the same prices ruling a month ago.

Production in March was the highest so far this year, amounting to 62,860 bales—an increase of 1,590 bales from February and 9,001 bales from the corresponding month last year. Davao balings were 27,983 bales against 20,183 bales in March last year, and Non-Davao balings increased by 1,201 bales. Production in the first quarter this year amounted to 178,246 bales, exceeding by almost 6,000 bales the production in the first quarter of 1947—the year of highest production post-war.

The following tables show comparative figures for balings and exports of the first quarter from 1947 to 1950:

	Balings—First Quarter			
	1950	1949	1948	1947
Davao	75,456	54,724	55,010	82,636
Camarines, Albay, and Sorsogon	50,790	36,569	66,623	60,588
Leyte & Samar	31,598	31,741	32,280	17,340
All Other Non-Davao	20,402	23,463	36,046	11,757
Total (Bales) .	178,246	146,497	189,959	172,321

	Exports—First Quarter			
	1950	1949	1948	1947
United States & Canada	61,080	49,049	91,766	107,252
Japan	31,688	47,428	24,404	—
Cont. Europe	23,384	33,641	33,081	30,637
United Kingdom	17,340	7,447	37,060	2,085
China	3,850	3,629	1,800	431
India	1,775	326	—	1,800
Korea	700	—	—	—
South Africa	780	750	300	—
Australia & New Zealand	625	—	42	—
All Oth. Countries	—	—	1,930	575
Total (Bales) .	141,122	142,270	190,383	142,780

Mines

	Production: March, 1950	
	Tons	Value
Benguet Mine	22,541	P385,174.10
Balatoc Mine	38,537	587,353.76
Benguet Consolidated	61,078	972,527.86
Atok-Big Wedge	13,183	303,635.00
Mindanao Mother Lode	9,100	295,023.00
Surigao Consolidated	11,126	253,340.00
Lupanto Consolidated	16,370	455,275.00
Consolidated Mines	20,500	410,000.00
Acoje	4,257	156,000.00

Electric Power Production

1941 Average—15,316,000 KWH		
	KILOWATT HOURS	
	1950	1949
January	37,661,000	33,745,000
February	33,826,000	31,110,000
March	38,107,000	34,776,000
April	35,400,000	33,048,000
May	—	34,453,000
June	—	34,486,000
July	—	35,726,000
August	—	35,394,000
September	—	35,763,000
October	—	37,461,000
November	—	35,856,000
December	—	38,673,000
Total	—	420,411,000

April output was 2,352,000 kwh or 7.1% over April, 1949. The use per day was 4% lower than in March, due mainly to the Easter holidays.

The first 25,000 kw Rockwell Station turbine arrived in Manila on April 18 and is now in process of installation. The second unit is in transit from the United States.

Port of Manila

The following table shows tonnage of incoming cargo to the Port of Manila on a comparative basis for the first quarter of the year.

MONTH	1950	1949	1948
January ..	134,015.491	218,709.603	135,209.581
February ..	103,022.553	170,460.949	148,666.244
March ...	117,715.845	162,412.978	189,542.323
Total Tonnage	354,753.889	551,583.530	483,418.148

The first quarter of 1950 tonnage is 64% of the tonnage for the same period of 1949. It is 73% of the tonnage for the same period for 1948.

Real Estate

Real estate sales in the City of Manila recorded in April were the lowest in 8 months, but suburban sales held their own at slightly higher than the 8-month average.

Sales in Manila proper totalled P1,757,506 for April, compared with P2,660,652 for March, and P3,362,635 for April of last year, and an average of P3,313,495 for the past 8 months.

Suburban sales for April were P3,176,939, compared with P3,564,944 in March and an average of P3,058,980 for the past 8 months.

Mortgages placed in the Greater Manila area totalled P6,317,160 for April, compared with P8,079,543 for March.

Monthly figures of sales, as procured from the several registers of deeds, are as follows:

Real Estate Sales, Manila and Suburbs*				
Monthly Totals				
September, 1949 — April, 1950				
	1949	Manila	Suburbs	Combined
Sept.	P 3,668,662	P 3,786,671	P 7,455,333	
Oct.	3,032,543	2,872,327	5,904,870	
Nov.	1,861,723	1,893,727	3,745,450	
Dec.	6,037,740	2,047,602	8,085,342	
1950				
Jan.	4,486,846	3,554,460	8,041,306	
Feb.	3,002,289	3,703,126	6,705,415	
Mar.	2,660,652	3,564,944	6,225,596	
Apr.	1,757,506	3,176,939	4,934,445	
Cumulative	26,507,961	24,589,796	51,097,757	
Monthly average	3,313,495	3,073,725	6,387,220	

* Suburbs included: Rizal City (Pasay), Quezon City, Paranaque, Makati, Mandaluyong, San Juan, Caloocan, and Malabon.

Exports

Exports of most commodities for the month of March showed little or no increase over exports during the same month last year. Total exports of 252,350 tons was an increase over total exports of 223,640 tons during March last year due to the increase in shipments of iron and manganese ores.

Rice Exports: Korean rice will play an important part in Korean-Japan trade. At the beginning of current negotiations, Japan offered \$140 per metric ton, while Korea asked \$160 per metric ton. On 18 February, \$142 per metric ton was decided upon after weeks of bargaining. Of the 100,000 tons sold to Japan, 20,000 tons will be shipped by the Korean Shipping Corporation by the end of March this year and 80,000 tons by Japanese ships by June 30.

TRANSPORTATION

Ministry of Transportation — ECA Meeting: Railroad recovery supplies, including not only those for the three new railroad construction projects (Yongju-Chulam, Che hun-Chodong, and Tanyan-Sapyung)—but such equipment as locomotives, rolling stock and so on also are dependent on ECA aid.

In order to promote the reconstruction projects, ECA railroad engineers and high officials of the Ministry of Transportation will hold a regular joint meeting every month. As the first meeting on 9 February, they exchanged views on the problem of balancing railroad incomes and expenditures, positive policy on new construction projects and electrifications of the Chook-Yung line.

Night Cargo Train Operated: Night cargo trains between Seoul and Pusan, which had been suspended for seven months since rioters attacked the Won-dong railroad station on 21 July last year, resumed operations from 27 February. For the time being there will be one run between Seoul and Taejon and two runs between Taeju and Pusan. It is therefore expected that total cargoes carried by the railroad will be increased by more than 20%.

Transit-Duty Enforced: A new transit duty was officially announced on 24 February by Law No. 99 and put into effect the same day. Any person taking a train or bus and taxi shall pay an additional 5% of the charges as transit tax. Korean army and navy parties, however, shall be exempted from paying such duties.

Committee for Ports set up: Although Korean port administration has been improved somewhat, there are many practices to reform. For the purpose of unifying the port administration, Committees for ports were set up by Presidential Decree No. 280 on 17 February.

Exports for March, 1950, by commodities, compared with exports for March, 1949, are as follows:

	1950	1949
Alcohol	57 tons	13 tons
Buntal fibre	24 "	10 "
Cigars and cigarettes	11 "	10 "
Coconut, desiccated	10,992 "	9,550 "
Coconut oil	3,789 "	4,178 "
Concentrates, copper	1,776 "	2,114 "
" gold	546 "	175 "
Copra	43,185 "	42,150 "
Copra cake, meal	6,258 "	6,124 "
Embroideries	163 "	129 "
Empty cylinders	40 "	524 "
Fish, salted	20 "	33 "
Fruit, fresh	119 "	172 "
Furniture, rattan	625 "	810 "
Glycerine	176 "	288 "
Gums, copal	62 "	91 "
Hemp	66,616 bales	49,309 bales
Hemp, knotted	46 tons	—
Household goods	293 "	132 tons
Junk, metal	2,039 "	5,766 "
Logs	3,760,757 bft.	2,339,874 bft.
Lumber	3,476,149 "	4,201,216 "
Molasses	2,832 tons	2,185 tons
Plywood	14 "	—
Ores, chrome	24,808 "	26,860 "
" lead	131 "	—
" iron	58,857 "	18,317 "
" manganese	51,132 "	—
Pineapples, canned	4,737 "	170 "
Rattan, palasan	115 "	—
Rope	213 "	376 "
Rubber	83 "	129 "
Shells	26 "	23 "
Skins	114 "	128 "
Sugar, raw	57,517 "	79,387 "
Tobacco	696 "	620 "
Vegetable oil products	42 "	23 "
Transit cargo	823 "	550 "
General merchandise	2,413 "	2,743 "

Banking & Finance

Statement of Condition of the Central Bank of the Philippines:

ASSETS		As of Dec. 31	As of Jan. 31	As of Feb. 28	As of Mar. 31
		(in thousands of Pesos)			
International Reserve		460,689	442,432	441,999	441,792
Contribution to International Monetary Fund		30,000	30,000	30,000	30,000
Account to Secure Coinage		113,306	113,306	113,306	113,306
Loans and Advances		77,047	83,374	85,451	87,198
Trust Account—Securities Stabilization Fund		—	—	—	—
Domestic Securities		92,197	96,774	104,649	106,449
Other Assets		20,390	25,248	25,462	29,069
		793,629	791,136	800,868	814,664
LIABILITIES					
Currency — Notes		555,576	540,849	541,577	544,296
Coins		74,384	74,723	77,966	79,326
Demand Deposits — Pesos		117,682	128,571	130,328	139,776
Securities Stabilization Fund		2,000	2,000	6,848	6,848
Due to International Monetary Fund		22,498	22,497	22,497	22,497
Due to International Bank for Reconstruction and Development		—	—	—	—
Other Liabilities		2,389	2,389	2,389	2,387
Capital		2,636	2,942	6,354	5,719
Undivided Profits		10,000	10,000	10,000	10,000
Surplus		6,464	7,161	1,291	2,196
		—	—	1,616	1,616
		793,629	791,136	800,868	814,664
CONTINGENT ACCOUNT					
Forward Exchange Sold		6,460	6,460	6,000	—

The comparative statement shows little change between the figures for the last two months. There is a negligible difference in the International Reserve, and other categories require little comment. Gold to the value of approximately US\$100,000 was added to the Reserve under the provisions of the exchange control regulations.

The Tobacco Situation in the Philippines

Tobacco production in the Republic of the Philippines from the 1949—50 crop is tentatively forecast by the Bureau of the Census and Statistics at 53,000,000 pounds—about 10 per cent greater than that of the preceding crop but 30 per cent less than the prewar average. The National Tobacco Corporation estimates that the crop in the Cagayan Valley (Luzon) from which the great bulk of tobacco exports are obtained, may yield 28,700,000 to 33,100,000 lbs. as against 1949 production of only 18,740,000 pounds. Acreage is reported to be almost double that in 1949, and weather conditions have been far better than in other post-war years.

The National Tobacco Corporation (the Government agency charged with rehabilitating the industry) expects that about 1,500,000 pounds of Virginia tobacco will be produced this season; about 494,000,000 cigarettes could be made from that amount of tobacco. The NTC hopes to be producing about five times that amount by 1954, but even if blended with native tobacco that would yield only about 30 per cent of the number of cigarettes imported in 1948.

The output of Government-licensed tobacco product factories in 1949 was about the same as in 1948. Cigar production was placed at 91,764,332 units, up about 5 per cent; cigarette production at 1,850,347,700 units, down 1 per cent; smoking tobacco at 434,027 pounds, down less than 1 per cent; and chewing tobacco at 303,585 pounds, down 5 per cent.

The records of licensed production do not give a complete picture of the Philippine tobacco situation, because sizable quantities of clandestinely made products are sold in Philippine markets, and even greater quantities are produced for home consumption.

Before the war the average (1935-39) annual consumption of tobacco amounted to 43,082,000 pounds of leaf, and the average annual domestic production was 76,548,000 pounds. (See accompanying table.) Imports in these years consisted largely of cigarettes from the United States, and averaged about 8,400,000 pounds per year. Exports averaged 41,865,000 pounds in the years 1935-39. Production fell far short of domestic requirements in 1947 and 1948, therefore imports were increased sharply to make up the difference, whereas exports fell. In 1949 domestic production was a little short of requirements on an over-all basis, but production in 1950 is expected to exceed requirements.

Tobacco Output, Trade, and Consumption, 1935-39 Average, and 1947-49

(In leaf equivalent, in thousands of pounds)

Item	1935-39 Average	1947	1948	1949
Production	76,548	33,922	38,100	48,825
Imports	8,400	23,574	28,664	18,971
Cigarettes	6,576	22,291	26,821	17,081
Exports	41,865	10,589	6,274	11,254
Leaf tobacco	31,290	10,254	6,182	11,217
Apparent disappearance	43,082	51,907	60,450	56,041

1 Imports are for January to October, only.

2 Figures shown are crop-year basis.

Source: National Tobacco Corporation.

On a qualitative basis, however, there exists a wide discrepancy between domestic production and requirements. There has been a pronounced shift in

frequently stated in the daily papers that some US\$1,000,000 was spent by tourists and for pleasure trips during the month of February, which naturally constitutes quite a drain on the dollar reserve position. Large sums have likewise been used during March. Much of this expense has been incurred on behalf of pilgrims to Rome. Consequently, the authorities have now limited the authorized agents to a maximum amount of \$1200 per family for travel purposes. A special license issued by the Central Bank would be required for amounts in excess of this sum, and the Bank has indicated that the applicant would require very good reasons if more dollars were to be granted. Also, it has stipulated that there shall be no travel funds granted except for business reasons. The restrictions for exchange for medical and family upkeep have likewise been tightened. Remittances for maintenance may only be made to parents, children, or wife, while it has been indicated that doctor's and hospital bills will be subjected to rigid examination. Remittances for medical expenses may only be made to the hospital or doctor concerned, and not to any third parties.

Money in circulation increased approximately P4,000,000 and is explained by Central Bank sources as partially due to Government's desire to flood the country with coins to prevent an artificial coin shortage.

The Control authorities have been worried about the expenditures in foreign exchange for travel. It has been

tobacco consumption during the post-war period—from cigars to cigarettes, and from native tobacco types to Virginia leaf. Inasmuch as domestic Virginia leaf production is low, foreign-made cigarettes have a strong hold on the market. Consumption of domestically produced tobacco has been reduced not so much by curtailment of production as by the relatively lower cost and superior qualities of foreign tobacco brands.

To meet this change in smoking tastes the Government is endeavoring to produce Virginia leaf locally on a commercial scale. This policy has been implemented by the National Tobacco Corporation, which became a significant buyer of domestic tobacco in 1949 by paying prices well above those offered by the trade. In view of the restrictions on the importation of tobacco and tobacco products, it is evident that

there will be a ready market for domestic tobacco almost regardless of price. Moreover, it appears that although the prices of Philippine products may be well above those of previous years, they still will be much lower than for imported brands.

Imports of tobacco in 1949 are estimated at about 22,000,000 pounds, well below 1948 imports of 28,600,000 pounds, but almost 3 times as great as the pre-war average of the years 1935-39. The drop in 1949 was due to the substantial reduction in cigarette imports which, as in former years constituted the great bulk of foreign arrivals. During 1950 more substantial decreases will occur because of the drastic limitations imposed by the Government.

Exports of tobacco products in 1949 were the highest since liberation but

were substantially less than pre-war. In terms of leaf tobacco, shipments totaled 11,254,000 pounds as compared with 6,274,000 pounds in 1948 and an annual average of 41,865,000 pounds in pre-war (1935-37) years. As in previous years, the principal problem in arranging for exports was the European importers' lack of dollar exchange. The high cost of cigars limited production.

There appears to be no intention on the part of the Government to relax the drastic controls on tobacco imports. As a result, imports will fall in 1950, consumption of domestic tobacco probably will rise, and the quantity of tobacco exported is expected to drop. Prices of both domestic and imported products are expected to rise and an expansion of plantings is certain. Barring extremely unfavorable weather, a substantially larger crop probably will be harvested in 1951.